

COMPREHENSIVE ANNUAL FINANCIAL

REPORT OF THE

CITY OF

WILLMAR, MINNESOTA

FOR THE

YEAR ENDED

DECEMBER 31, 2008

DIVISION OF FINANCE

**STEVEN B. OKINS, DIRECTOR OF FINANCE
MEMBER OF THE GOVERNMENT FINANCE OFFICER'S
ASSOCIATION OF THE UNITED STATES AND CANADA &
MINNESOTA FINANCE OFFICERS ASSOCIATION**

**CITY OF WILLMAR, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WILLMAR, MINNESOTA

2008

CITY COUNCIL

LESTER HEITKE, MAYOR

COUNCIL MEMBERS:

DENIS ANDERSON

BRUCE DEBLIECK

RON CHRISTIANSON

STEVE GARDNER

CINDY SWENSON

RICK FAGERLIE

JAMES DOKKEN

DOUG REESE

FINANCE DIRECTOR

STEVEN B. OKINS

CITY ADMINISTRATOR

MICHAEL C. SCHMIT

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Willmar, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Rice Memorial Hospital and Willmar Municipal Utilities, which represent 100 percent, respectively, of the assets, net assets, and revenues of Rice Memorial Hospital and Willmar Municipal Utilities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, in so far as it relates to the amounts included for Rice Memorial Hospital and Willmar Municipal Utilities is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

As discussed in Note 5 to the financial statements, the City has not adopted Governmental Accounting Standards Board No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, as it relates to its Primary Government as of and for the year ended December 31, 2008. The amount by which this departure would affect the liabilities of the governmental activities is not reasonably determinable.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the City of Willmar, Minnesota, as of December 31, 2008, or the changes in financial position thereof for the year then ended. In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component units, each major fund, and aggregate remaining fund information of the City as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principals generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



WESTBERG EISCHEMS, PLLP

August 20, 2009

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Mayor and City Council
City of Willmar, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 20, 2009. Our report was qualified for governmental activities due to the failure to adopt GASB 45 and was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Rice Memorial Hospital and Willmar Municipal Utilities, as described in our report on the City of Willmar's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We considered the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2008-1, 2007-1 and 2007-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe finding 2008-1, 2007-1 and 2007-2 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of State Agencies, management and others within the organization and the City Council and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script that reads "Westberg Eischens, PLLP".

WESTBERG EISCHENS, PLLP

August 20, 2009

AUDITOR'S REPORT ON LEGAL COMPLIANCE

Mayor and City Council
City of Willmar, Minnesota

We have audited the basic financial statements of the City of Willmar, Minnesota, as of and for the year ended December 31, 2008, and have issued our report thereon dated August 20, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Sec.6.65. Accordingly, the audit included such tests of the accounting records and other auditing procedures, as we considered necessary in the circumstances.

The Minnesota Legal Compliance Audit Guide for Local Government covers seven main categories of compliance to be tested: Contracting and Bidding, Deposits and Investments, Conflicts of Interest, Public Indebtedness, Claims and Disbursements, Miscellaneous Provisions, and Tax Increment Financing. Our study included all of the listed categories.

The results of our tests indicate that for the items tested, the City of Willmar complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the use of The City of Willmar and the Office of the Minnesota State Auditor and is not intended to be, and should not be, used by anyone other than those specified parties.



WESTBERG EISCHENS, PLLP

August 20, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Mayor and City Council
City of Willmar, Minnesota

Compliance

We have audited the compliance of the City of Willmar, Minnesota, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City of Willmar, Minnesota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Willmar, Minnesota's management. Our responsibility is to express an opinion on the City of Willmar, Minnesota's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Willmar, Minnesota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Willmar, Minnesota's compliance with those requirements.

In our opinion, the City of Willmar, Minnesota, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control over Compliance

The management of the City of Willmar, Minnesota, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Willmar, Minnesota's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Willmar's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of management, City Council, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



WESTBERG EISCHENS, PLLP

August 20, 2009

CITY OF WILLMAR, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA <u>Number</u>	<u>Expenditures</u>
U.S. Department of Transportation		
MN Department of Transportation		
Airport Improvement Program	20.106	\$ 86,187
U.S. Department of Housing and Urban Development		
MN DTED		
Community Development Block Grant	14.228	217,408
U.S. Department of Homeland Security		
Federal Direct		
Assistance to Firefighters	97.044	889,510
U.S. Environmental Protection Agency		
MN Department of Employment and Economic Development		
Capitalization Grants for Clean Water State Revolving Funds	66.458	<u>10,235,670</u>
		<u>\$ 11,428,775</u>

CITY OF WILLMAR
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Willmar and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF WILLMAR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2008

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Significant deficiency (ies) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency (ies) identified that are considered to be material weaknesses?	<u> X </u> yes	<u> </u> none reported
Noncompliance material to financial statement noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:

Significant deficiency (ies) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency (ies) identified that are considered to be material weakness (es)?	<u> </u> yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<u> </u> yes	<u> X </u> no
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Capitalization Grants for Clean Water
<u>66.458</u>	<u>State Revolving Funds</u>
<u>97.044</u>	<u>Assistance to Firefighters</u>

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>300,000</u>
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Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
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CITY OF WILLMAR, MINNESOTA
Schedule of Findings and Questioned Costs
Year Ended December 31, 2008

SECTION II FINANCIAL STATEMENT FINDINGS

Finding 2008-1

Criteria:

Generally, a system of internal control includes the ability to understand and prepare the City's financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition:

The financial statements do not include all the required accruals and disclosures related to the City's OPEB obligations.

Questioned Costs:

None

Cause:

At December 31, 2008, the City had not adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB) as it relates to the Primary Government.

Effect:

The City is unable to make a determination of whether or not its OPEB liabilities are material.

Recommendation:

We recommend the City establish a plan to adopt GASB 45 in order to comply with generally accepted accounting principles.

CORRECTIVE ACTION PLAN (CAP)

Finding 2008-1

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The City will hire an actuary to perform the necessary calculations to determine its OPEB liabilities.

Officer Responsible for Ensuring CAP:

Clerk/Treasurer

Planned Completion Date:

Completed

Plan to Monitor Completion of CAP:

City Administrator

CITY OF WILLMAR, MINNESOTA
Schedule of Findings and Questioned Costs
Year Ended December 31, 2008

Finding 2007-1

Criteria:

The proper design or operation of an internal control system assists management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements of the financial statements on a timely basis. A control deficiency exists when the design of a control does not allow management or employees in the normal course of performing their assigned functions to prevent or detect misstatements of the financial statements on a timely basis.

Condition:

During our audit, we proposed adjustments that resulted in material changes to the City's financial statements.

Questioned Costs:

None

Cause:

Internal controls and monitoring of internal controls by City personnel were insufficient to detect material misstatements.

Effect:

Proposed audit adjustments were reviewed and approved by the appropriate staff and are reflected in the financial statements. By definition, however, independent external auditors cannot be considered part of the government's internal control.

Recommendation:

We recommend the City establish internal controls for determining all necessary entries required to present fairly the financial statements in accordance with generally accepted accounting principles.

CORRECTIVE ACTION PLAN (CAP)

Finding 2007-1

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The City will continue to review internal controls and work to design modifications that will increase internal control and the ability to detect material misstatements.

Officer Responsible for Ensuring CAP:

Clerk/Treasurer

Planned Completion Date:

Completed

Plan to Monitor Completion of CAP:

City Administrator

CITY OF WILLMAR, MINNESOTA
Schedule of Findings and Questioned Costs
Year Ended December 31, 2008

Finding 2007-2

Criteria:

Generally, a system of internal control includes the ability to understand and prepare the City's financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition:

The City relied upon the auditor to prepare the financial statements and related disclosures in accordance with GAAP.

Questioned Costs:

None

Cause:

Limited number of staff in the business office precluded the City from the completion of GAAP financial statements with required disclosures.

Effect:

The City is unable to prepare GAAP basis financial statements.

Recommendation:

We recommend that the City work with Auditor for proper financial statement presentation and disclosure.

CORRECTIVE ACTION PLAN (CAP)

Finding 2007-2

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The City will continue to review auditor prepared financial statements with the intention of understanding and acceptance of responsibility for reporting under GAAP.

Officer Responsible for Ensuring CAP:

Clerk/Treasurer

Planned Completion Date:

Continued

Plan to Monitor Completion of CAP:

City Administrator

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008

This section of the basic financial statements of the City of Willmar (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2008. Please read it in conjunction with the City's basic financial statements following this section.

Financial Highlights

- The assets of the City exceeded liabilities by \$149,882,639 (net assets). Of this amount, \$38,589,978 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets decreased by \$4,660,182.
- The City's governmental funds reported combined ending fund balances of \$35,414,961. Of this total amount, approximately 82% is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,064,834, or 122% of the total General Fund expenditures of \$12,376,657.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the Statement of Activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The notes to the basic financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The City as a whole: Statement of Net Assets and Statement of Activities

Our analysis of the City of Willmar begins with the Statement of Net Assets and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities both report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health. Over time, increases and decreases in the City's net assets are one indicator of whether the City's financial health is improving or deteriorating.

You will need to consider other nonfinancial factors, however, to assess the overall health of the City of Willmar.

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities - Most of the City's basic services are reported here, including the police, public works, parks departments and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.

Business-Type Activities - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's waste treatment fund and internal service fund are reported here.

The City's Most Significant Funds: Fund Financial Statements

Our analysis of the City of Willmar's major funds begins with the fund financial statements. These statements provided detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City of Willmar's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental Funds - Most of the City of Willmar's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation after the fund financial statements.

The governmental fund financial statements can be found on pages 15-19 of this report.

Proprietary Funds - When the City of Willmar charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

The proprietary fund financial statements can be found on pages 22-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-50 of this report.

Statement of Net Assets

The City of Willmar's net assets increased from a year ago. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 3) of the City's governmental and business-type activities.

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008

Table 1
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 47,443,250	\$ 55,003,384	\$ 15,156,162	7,242,688	\$ 62,599,412	\$ 62,246,072
Net capital assets	<u>98,847,238</u>	<u>115,871,840</u>	<u>37,811,165</u>	<u>20,487,162</u>	<u>136,658,403</u>	<u>136,359,002</u>
Total Assets	<u>146,290,488</u>	<u>170,875,224</u>	<u>52,967,327</u>	<u>27,729,850</u>	<u>199,257,815</u>	<u>198,605,074</u>
Other liabilities	3,332,025	11,161,824	3,089,149	34,872	6,421,174	11,196,696
Long-term liabilities	<u>19,651,045</u>	<u>18,592,541</u>	<u>23,302,957</u>	<u>11,740,019</u>	<u>42,954,002</u>	<u>30,332,560</u>
Total Liabilities	<u>22,983,070</u>	<u>29,754,365</u>	<u>26,392,106</u>	<u>11,774,891</u>	<u>49,375,176</u>	<u>41,529,256</u>
Net Assets						
Invested in capital assets, net of related debt	75,946,707	97,279,299	14,508,208	4,105,616	90,454,915	101,384,915
Restricted	8,770,733	8,384,593	6,234,404	11,849,343	15,005,137	20,233,936
Unrestricted	<u>38,589,978</u>	<u>32,923,970</u>	<u>5,832,609</u>	<u>-</u>	<u>44,422,587</u>	<u>32,923,970</u>
Total Net Assets	<u>\$123,307,418</u>	<u>\$138,587,862</u>	<u>\$ 26,575,221</u>	<u>\$ 15,954,959</u>	<u>\$149,882,639</u>	<u>\$154,542,821</u>

Governmental Activities

The net assets of the City's governmental activities decreased by \$15,280,444 in 2008. The decrease was mainly due to the transfer of the waste treatment plant construction fund to the business -type activities.

Business -Type Activities

The total net assets of the City's business -type activities increased by \$10,620,262 in 2008. The increase was mainly due to the transfer of the waste treatment plant construction fund from the governmental activities .

Table 2
Condensed Statement of Net Assets

	Rice Memorial Hospital		Municipal Utilities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 45,729,264	\$ 41,324,944	\$ 19,273,562	\$ 22,757,325	\$ 65,002,826	\$ 64,082,269
Net capital assets	<u>67,661,314</u>	<u>70,880,378</u>	<u>29,875,746</u>	<u>21,470,280</u>	<u>97,537,060</u>	<u>92,350,658</u>
Total Assets	<u>113,390,578</u>	<u>112,205,322</u>	<u>49,149,308</u>	<u>44,227,605</u>	<u>162,539,886</u>	<u>156,432,927</u>
Current and other liabilities	15,116,157	13,175,111	8,640,751	3,876,175	23,756,908	17,051,286
Long-term liabilities	<u>49,781,216</u>	<u>50,897,312</u>	<u>1,705,000</u>	<u>2,170,000</u>	<u>51,486,216</u>	<u>53,067,312</u>
Total Liabilities	<u>64,897,373</u>	<u>64,072,423</u>	<u>10,345,751</u>	<u>6,046,175</u>	<u>75,243,124</u>	<u>70,118,598</u>
Net Assets						
Invested in capital assets, net of related debt	15,272,491	17,690,022	27,705,746	18,850,280	42,978,237	36,540,302
Restricted debt	6,254,335	6,503,221	8,435,812	9,691,662	14,690,147	16,194,883
Unrestricted	<u>26,966,379</u>	<u>23,939,656</u>	<u>2,661,999</u>	<u>9,639,488</u>	<u>29,628,378</u>	<u>33,579,144</u>
Total Net Assets	<u>\$ 48,493,205</u>	<u>\$ 48,132,899</u>	<u>\$ 38,803,557</u>	<u>\$ 38,181,430</u>	<u>\$ 87,296,762</u>	<u>\$ 86,314,329</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008

Primary Government

Table 3
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$ 2,579,222	\$ 1,609,419	\$ 3,559,867	\$ 3,193,640	\$ 6,139,089	\$ 4,803,059
Operating grants and contributions	583,141	736,435	468,671	-	1,051,812	736,435
Capital grants and contributions	2,429,515	-				
General revenues:						
Property and other taxes	5,497,952	6,739,620	-	-	5,497,952	6,739,620
Grants and contributions not restricted to specific programs	4,308,372	-	-	-	4,308,372	-
Other	2,172,581	2,427,348	338,530	223,907	2,511,111	2,651,255
Intergovernmental	-	7,177,007	-	-	-	7,177,007
Total Revenues	17,570,783	18,689,829	4,367,068	3,417,547	21,937,851	22,107,376
Expenses						
General Government	3,413,966	2,912,694	-	-	3,413,966	2,912,694
Public works	6,038,356	4,856,044	-	-	6,038,356	4,856,044
Public safety	6,138,553	4,349,414	-	-	6,138,553	4,349,414
Social services	-	20,000	-	-	-	20,000
Culture and recreation	2,463,581	2,043,802	-	-	2,463,581	2,043,802
Economic development	254,895	115,589	-	-	254,895	115,589
Capital projects	-	168,747	-	-	-	168,747
Debt service	588,973	473,564	-	-	588,973	473,564
Office services	-	26,366	-	-	-	26,366
Waste treatment	-	-	2,775,906	2,520,103	2,775,906	2,520,103
Total Expenses	18,898,324	14,966,220	2,775,906	2,520,103	21,674,230	17,486,323
Changes in Net Assets Before Transfers	(1,327,541)	3,723,609	1,591,162	897,444	263,621	4,621,053
Transfers	(13,952,903)	2,316,930	9,029,100	(383,713)	(4,923,803)	1,933,217
Changes in Net Assets	(15,280,444)	6,040,539	10,620,262	513,731	(4,660,182)	6,554,270
Net Assets, Beginning of Year	138,587,862	127,169,217	15,954,959	15,441,228	154,542,821	142,610,445
Prior period adjustment	-	5,378,106	-	-	-	5,378,106
Net Assets, End of Year	<u>\$ 123,307,418</u>	<u>\$ 138,587,862</u>	<u>\$ 26,575,221</u>	<u>\$ 15,954,959</u>	<u>\$ 149,882,639</u>	<u>\$ 154,542,821</u>

CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008

Component Units

Component Units

The total Net Assets of the City's two component units increased by \$982,433 in 2008. The net assets of the Municipal Utilities Commission increased by \$622,127, and the net assets of Rice Memorial Hospital increased by \$360,306.

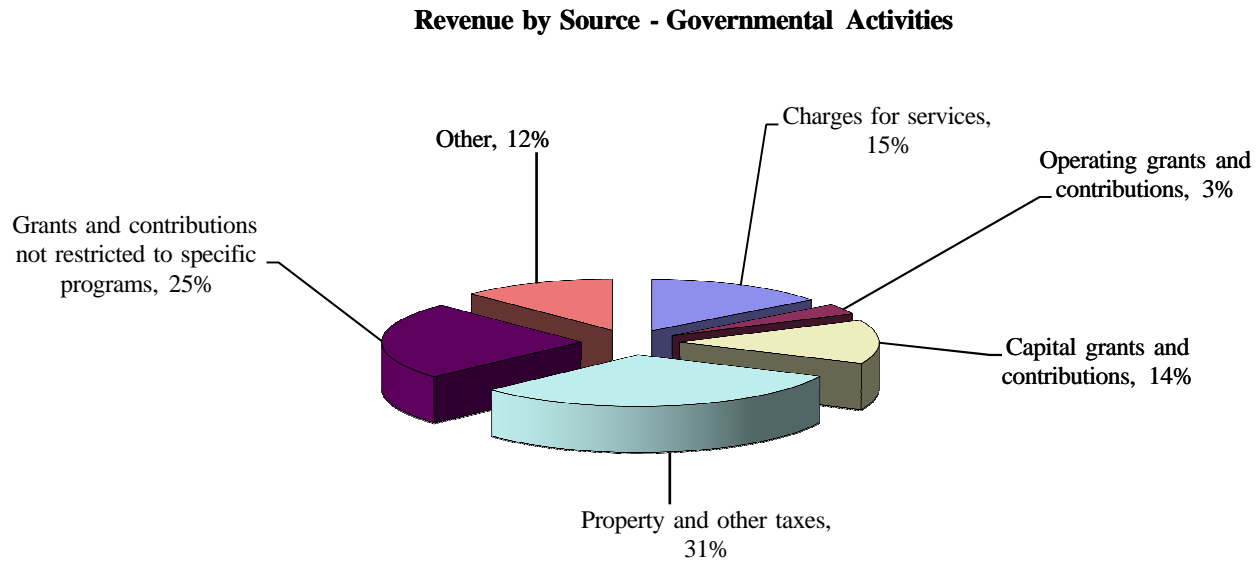
Table 4
Condensed Statement of Activities

	<u>Rice Memorial Hospital</u>		<u>Municipal Utilities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Hospital	\$ 87,652,812	\$ 89,319,535	\$ -	\$ -	\$ 87,652,812	\$ 89,319,535
Municipal Utility	-	-	24,442,995	23,088,191	24,442,995	23,088,191
Interest Earnings	708,742	870,997	457,430	1,107,166	1,166,172	1,978,163
Gain (Loss) on sale of Capital Assets	(3,199)	(75,761)	13,377	5,869	10,178	(69,892)
Miscellaneous	<u>367,917</u>	<u>1,801,201</u>	<u>22,682</u>	<u>(100,805)</u>	<u>390,599</u>	<u>1,700,396</u>
Total Revenues	<u>88,726,272</u>	<u>91,915,972</u>	<u>24,936,484</u>	<u>24,100,421</u>	<u>113,662,756</u>	<u>116,016,393</u>
Expenses						
Hospital	88,165,966	89,438,710	-	-	88,165,966	89,438,710
Municipal Utility	<u>-</u>	<u>-</u>	<u>22,611,065</u>	<u>20,333,969</u>	<u>22,611,065</u>	<u>20,333,969</u>
Total Expenses	<u>88,165,966</u>	<u>89,438,710</u>	<u>22,611,065</u>	<u>20,333,969</u>	<u>110,777,031</u>	<u>109,772,679</u>
Changes in Net Assets Before transfers	560,306	2,477,262	2,325,419	3,766,452	2,885,725	6,243,714
Transfers	<u>200,000</u>	<u>-</u>	<u>1,703,292</u>	<u>1,686,400</u>	<u>1,903,292</u>	<u>1,686,400</u>
Changes in Net Assets	360,306	2,477,262	622,127	2,080,052	982,433	4,557,314
Net Assets, Beginning	<u>48,132,899</u>	<u>45,655,637</u>	<u>38,181,430</u>	<u>36,101,378</u>	<u>86,314,329</u>	<u>81,757,015</u>
Net Assets, Ending	<u>\$ 48,493,205</u>	<u>\$ 48,132,899</u>	<u>\$ 38,803,557</u>	<u>\$ 38,181,430</u>	<u>\$ 87,296,762</u>	<u>\$ 86,314,329</u>

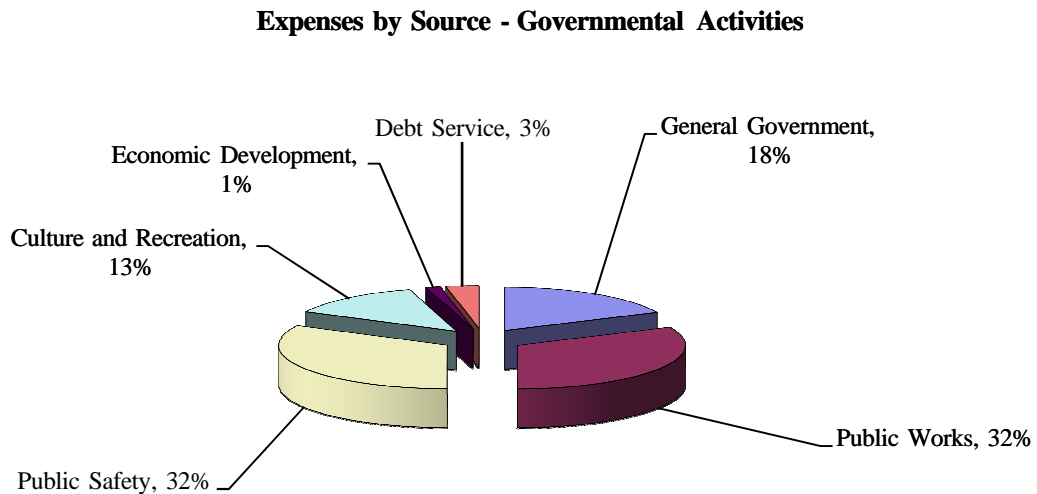
**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008**

Governmental Activities

Revenues – The following chart visually illustrates the City's revenues by source for its governmental activities:



Expenses – The following chart visually illustrates the City's expenses by source for its governmental activities:



**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008**

Financial Analysis of the City's Funds

General Fund –

The City's General Fund balance decreased by \$617,097 in 2008. The decrease was mainly due to the state reduction in local government aid near the end of 2008.

Debt Service Funds –

Special Assessments Bond Debt Service Fund increased by \$1,108,087. The increase was attributable to higher than expected collection of special assessments.

Special Revenue Fund –

Local Option Sales Tax Fund decreased by \$1,106,117. The decrease was due to transfers to capital projects funds for approved projects.

Special Revenue Fund –

Community Investment Fund decreased by \$188,849. The decrease was due to transfers to the debt service funds

Capital Projects Fund –

Street, Water/Sewer Capital Projects Fund decreased by \$1,380,529. The fund decrease was due to the scheduled expenditures for street projects.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City approved the 2008 general fund budget anticipating expenditures would exceed by over \$650,000. The main difference between the original and final budget was due to increase in transfers to other funds in order to fund capital improvements.

At the end of the year, revenues exceeded the final budget by over \$600,000 and expenditures exceeded the final budget by over \$180,000. The most significant positive variances for revenues were in License/Permits and Service Charges while the most significant negative variance was in Intergovernmental Revenues. The negative variance was due to the unexpected reduction in local government aid in December. The most significant negative variance for expenditures was in Public Works while the most significant positive variance was in Public Safety.

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008**

Capital Assets

At the end of 2008, the City of Willmar had over \$136,000,000 (net of accumulated depreciation) invested in a broad range of capital assets. Refer to Note 3 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

Primary Government

Table 5
Capital Assets

	Government Activities		Business-Type Activities	
	2008	2007	2008	2007
Land and improvements	\$ 3,687,421	\$ 3,687,421	\$ 321,370	\$ 321,370
Buildings	12,029,944	11,341,172	20,176,514	20,173,013
Furniture and equipment	3,413,229	3,126,734	996,609	984,512
Machinery and auto	6,897,379	6,656,693	654,967	654,967
Other improvements	85,692,606	72,644,373	2,932,202	2,932,202
Construction in progress	31,298,820	59,802,728	24,776,744	6,850,000
Less: Depreciation	<u>(44,172,161)</u>	<u>(41,387,281)</u>	<u>(12,045,469)</u>	<u>(11,428,902)</u>
	<u>\$ 98,847,238</u>	<u>\$ 115,871,840</u>	<u>\$ 37,812,937</u>	<u>\$ 20,487,162</u>

Component Units

Table 6
Capital Assets

	Rice Memorial Hospital		Willmar Municipal Utilities	
	2008	2007	2008	2007
Land	\$ 2,603,000	\$ 2,603,000	\$ 285,353	\$ 285,353
Buildings	78,912,000	78,269,000	1,156,382	1,152,301
Furniture and equipment	31,536,000	40,179,000	933,851	912,731
Machinery and auto	-	-	1,336,395	1,319,376
Other improvements	1,446,000	1,210,000	-	-
Utility Plant in Service	-	-	61,085,850	59,978,883
Construction in progress	1,484,000	391,000	9,617,795	495,734
Less: Depreciation	<u>(48,320,000)</u>	<u>(51,771,000)</u>	<u>(40,827,899)</u>	<u>(39,004,337)</u>
	<u>\$ 67,661,000</u>	<u>\$ 70,881,000</u>	<u>\$ 33,587,727</u>	<u>\$ 25,140,041</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008**

Long-Term Debt

At year-end, the City of Willmar had \$39,327,957 in bonds outstanding. Refer to Note 3 of the Notes to the Financial Statements for a schedule showing the City's long-term debt activity.

Primary Government

Table 7

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Governmental Activities			
G.O. Special assessment bonds	\$ 14,265,000	\$ 14,055,000	\$ 210,000
G.O. Revenue bonds	<u>1,760,000</u>	<u>1,880,000</u>	<u>(120,000)</u>
	<u>\$ 16,025,000</u>	<u>\$ 15,935,000</u>	<u>\$ 90,000</u>
Business-Type Activities			
G.O. Revenue bonds	<u>\$ 23,302,957</u>	<u>\$ 11,740,019</u>	<u>\$ 11,562,938</u>

Component Units

Table 8

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Rice Memorial Hospital			
G.O. Revenue Bonds	\$ 47,470,000	\$ 48,265,000	\$ (795,000)
Special Obligation Revenue Bonds	935,000	1,040,000	(105,000)
Note Payable to Foundation	610,698	721,736	(111,038)
Rice Home Medical Notes Payable	835,377	872,770	(37,393)
Rice Home Medical Leases Payable	<u>18,301</u>	<u>141,768</u>	<u>(123,467)</u>
	<u>\$ 49,869,376</u>	<u>\$ 51,041,274</u>	<u>\$ (1,171,898)</u>
Willmar Municipal Utilities			
Municipal Utility Revenue Bond 1999	\$ 675,000	\$ 880,000	\$ (205,000)
Municipal Utility Revenue Bond 2001	430,000	560,000	(130,000)
General Obligation Water Revenue Bond	<u>1,065,000</u>	<u>1,180,000</u>	<u>(115,000)</u>
	<u>\$ 2,170,000</u>	<u>\$ 2,620,000</u>	<u>\$ (450,000)</u>

**CITY OF WILLMAR, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008**

Economic Factors and Next Year's Budget

In the City adopted budget for 2009, expenditures were forecast to exceed revenue by approximately \$790,000. The difference is to be funded by using fund balances.

Contacting the City's Financial Management

This financial report is designated to provide our residents, customers, and creditors with a general overview of the City of Willmar's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Willmar, 333 6th St SW, Willmar, MN 56201 or by phone at (320) 235-4913.

BASIC FINANCIAL STATEMENTS

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
Assets					
Cash and Cash Equivalents	\$ 5,979,366	\$ 73,278	\$ 6,052,644	\$ 3,806,654	\$ 3,702,723
Investments	29,246,968	7,420,447	36,667,415	2,695,022	6,565,064
Investments with Trustee	-	-	-	-	5,796,361
Receivables (Net of Allow for Uncollect)					
Accounts Receivable	142,726	8,944	151,670	2,272,480	19,300,629
Accrued Interest	296,562	80,747	377,309	-	-
Taxes Receivable	401,227	-	401,227	-	-
Special Assessments	7,806,927	-	7,806,927	-	-
Notes Receivable	288,075	-	288,075	-	-
Related-Party Investments	-	-	-	-	3,951,278
Due from Component Unit	-	-	-	-	-
Due from Other Governmental Units	1,878,856	6,730,078	8,608,934		
Internal Balances	-	-	-	-	-
Inventories	75,353	3,846	79,199	943,922	2,102,436
Prepaid Items	1,264,360	19,147	1,283,507	1,046,733	1,115,099
Deferred Charges					
Bond Discount Unamortized	32,830	-	32,830	39,450	589,621
Bond Refunding Escrow account	-	-	-	-	-
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents	-	367,476	367,476	-	480,790
Investments	-	452,199	452,199	8,435,812	-
Permanently Restricted:					
Investments	30,000	-	30,000	-	2,042,635
Capital Assets					
Nondepreciable	34,986,241	25,098,114	60,084,355	9,617,795	4,087,314
Depreciable, net	63,860,997	12,713,051	76,574,048	20,257,951	63,574,000
Other Assets	-	-	-	33,489	82,628
Total Assets	\$ 146,290,488	\$ 52,967,327	\$ 199,257,815	\$ 49,149,308	\$ 113,390,578

The notes to the financial statements are an integral part of this statement.

CITY OF WILLMAR, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
<u>Liabilities</u>					
Accounts and Contracts Payable	\$ 1,039,204	\$ 3,062,183	\$ 4,101,387	\$ 6,494,302	\$ 4,833,861
Accrued Interest Payable	565,804	-	565,804	41,386	1,015,571
Due to Component Units	-	-	-	-	-
Due to Primary Government	-	-	-	249,144	-
Due to Other Governmental Units	149,617	-	149,617	-	-
Unearned Revenue	1,322,677	-	1,322,677	-	-
Accrued Compensation and Benefits	254,723	26,966	281,689	202,097	8,174,041
Noncurrent Liabilities					
Due within one year	1,770,000	7,512,720	9,282,720	465,000	1,092,684
Due in more than one year	17,881,045	15,790,237	33,671,282	2,893,822	49,781,216
Total Liabilities	22,983,070	26,392,106	49,375,176	10,345,751	64,897,373
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt	75,946,707	14,508,208	90,454,915	27,705,746	15,272,491
Restricted For:					
Capital Improvements	3,993,666	1,698,770	5,692,436	5,392,500	-
Construction Fund	-	4,535,634	4,535,634	-	-
Debt Service	4,747,067	-	4,747,067	913,312	3,730,910
Specific Operating Activities	-	-	-	-	480,790
Nonexpendable Perm. Endowment	30,000	-	30,000	-	2,042,635
Other Purposes	-	-	-	2,130,000	-
Unrestricted	38,589,978	5,832,609	44,422,587	2,661,999	26,966,379
Total Net Assets	\$ 123,307,418	\$ 26,575,221	\$ 149,882,639	\$ 38,803,557	\$ 48,493,205

The notes to the financial statements are an integral part of this statement.

**City of Willmar
Statement of Activities
For the Year Ended December 31, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 3,413,966	\$ 628,653	\$ -	\$ -
Public Safety	6,138,553	455,416	407,543	349,088
Public Works	6,038,356	1,031,327	175,598	1,863,019
Social Services	-	-	-	-
Culture and Recreation	2,463,581	463,826	-	-
Economic Development	254,895	-	-	217,408
Debt Service - interest	588,973	-	-	-
Total Governmental Activities	<u>18,898,324</u>	<u>2,579,222</u>	<u>583,141</u>	<u>2,429,515</u>
Business-Type Activities:				
Waste Treatment	<u>2,775,907</u>	<u>3,559,867</u>	<u>-</u>	<u>468,671</u>
Total Business-Type Activities	<u>2,775,907</u>	<u>3,559,867</u>	<u>-</u>	<u>468,671</u>
Total Primary Government	<u>\$ 21,674,231</u>	<u>\$ 6,139,089</u>	<u>\$ 583,141</u>	<u>\$ 2,898,186</u>
Component Units:				
Municipal Utilities	\$ 22,611,065	\$ 24,442,995	\$ -	\$ -
Rice Memorial Hospital	88,165,966	87,652,812	-	-
Total Component Units	<u>\$ 110,777,031</u>	<u>\$ 112,095,807</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

- Property Taxes
- Sales Taxes
- Other Taxes
- Grants and contributions not restricted to specific programs
- Interest earnings
- Net increase (decrease) in fair value of investments
- Gain (Loss) on sale of Capital Assets
- Miscellaneous
- Transfers
- Total General Revenues /Transfers
- Change in Net Assets
- Net Assets - Beginning
- Prior period adjustment see Note 9
- Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Municipal Utilities Commission	Rice Memorial Hospital
\$ (2,785,313)		\$ (2,785,313)		
(4,926,506)		(4,926,506)		
(2,968,412)		(2,968,412)		
-		-		
(1,999,755)		(1,999,755)		
(37,487)		(37,487)		
(588,973)		(588,973)		
(13,306,446)		(13,306,446)		
-	\$ 1,252,631	1,252,631		
-	1,252,631	1,252,631		
(13,306,446)	1,252,631	(12,053,815)		
			\$ 1,831,930	\$ -
			-	(513,154)
			1,831,930	(513,154)
3,594,600	-	3,594,600	-	-
1,758,919	-	1,758,919	-	-
144,433	-	144,433	-	-
4,308,372	-	4,308,372	-	-
1,441,325	340,332	1,781,657	457,430	648,646
(95,062)	(1,801)	(96,863)	-	60,096
-	-	-	13,377	(3,199)
826,318	-	826,318	22,682	367,917
(13,952,903)	9,029,100	(4,923,803)	(1,703,292)	(200,000)
(1,973,998)	9,367,631	7,393,633	(1,209,803)	873,460
(15,280,444)	10,620,262	(4,660,182)	622,127	360,306
133,209,756	15,954,959	149,164,715	38,181,430	48,132,899
5,378,106	-	5,378,106	-	-
\$ 123,307,418	\$ 26,575,221	\$ 149,882,639	\$ 38,803,557	\$ 48,493,205

CITY OF WILLMAR, MINNESOTA
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2008

	<u>General</u>	<u>Special Assessments Bonds Debt Service</u>	<u>Street Water/Sewer Capital Projects</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,737,910	\$ (470,469)	\$ 2,210
Investments	10,510,178	3,124,854	2,868,575
Receivables (Net of Allowance for Uncollect)			
Accounts	76,861	-	14,175
Interest	107,606	32,073	29,423
Taxes - delinquent	97,374	-	-
Assessments			
Delinquent	-	38,989	-
Deferred	1,501	6,977,547	-
Notes	718	-	-
Due From Other Funds	5,466	970,384	415,032
Due From Other Governments	866	964	-
Inventory	70,583	-	-
Prepaid Expenses	194,954	905,365	-
Restricted Assets:			
Investments	-	-	-
Unamortized Discount	-	13,720	-
	<u>\$ 15,804,017</u>	<u>\$ 11,593,427</u>	<u>\$ 3,329,415</u>
Total Assets			
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 143,806	\$ -	\$ 2,614
Contracts Payable	-	-	411,188
Accrued Wages	251,330	-	-
Customer Deposits	3,740	-	-
Due to Other Funds	4,268	-	472,048
Due to Other Governments	40,258	-	-
Deferred Revenue	100,827	7,017,500	415,032
	<u>544,229</u>	<u>7,017,500</u>	<u>1,300,882</u>
Total Liabilities			
Fund Balances			
Reserved for:			
Prepaid Items	194,954	905,365	-
Debt Service	-	3,670,562	-
Perpetual Care Fund	-	-	-
Capital Projects Funds	-	-	2,028,533
Unreserved, designated, reported in:			
General Fund	15,064,834	-	-
Special Revenue Fund	-	-	-
Capital Projects Funds	-	-	-
	<u>15,259,788</u>	<u>4,575,927</u>	<u>2,028,533</u>
Total Fund Balances			
	<u>\$ 15,804,017</u>	<u>\$ 11,593,427</u>	<u>\$ 3,329,415</u>
Total Liabilities and Fund Balances			

The notes to the financial statements are an integral part of this statement.

Local Option Sales Tax Special Revenue Fund	Community Investment Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
\$ 605,574	\$ 299,776	\$ 897,335	\$ 6,072,336
1,546,839	9,122,101	1,411,060	28,583,607
-	-	51,629	142,665
15,863	89,956	14,819	289,740
271,347	22,906	9,600	401,227
-	18,138	-	57,127
-	770,752	-	7,749,800
-	-	287,357	288,075
480,187	1,424	3,458,852	5,331,345
-	1,424	1,435,780	1,439,034
-	-	-	70,583
-	-	164,040	1,264,359
-	-	30,000	30,000
-	-	19,110	32,830
<u>\$ 2,919,810</u>	<u>\$ 10,326,477</u>	<u>\$ 7,779,582</u>	<u>\$ 51,752,728</u>
\$ -	\$ -	\$ 413,077	\$ 559,497
-	-	64,225	475,413
-	-	3,393	254,723
-	-	-	3,740
3,429,255	551,474	938,031	5,395,076
-	109,359	-	149,617
-	808,393	1,157,949	9,499,701
<u>3,429,255</u>	<u>1,469,226</u>	<u>2,576,675</u>	<u>16,337,767</u>
-	-	164,040	1,264,359
-	-	19,682	3,690,244
-	-	30,000	30,000
(509,445)	-	-	1,519,088
-	-	-	15,064,834
-	8,857,251	1,348,511	10,205,762
-	-	3,640,674	3,640,674
<u>(509,445)</u>	<u>8,857,251</u>	<u>5,202,907</u>	<u>35,414,961</u>
<u>\$ 2,919,810</u>	<u>\$ 10,326,477</u>	<u>\$ 7,779,582</u>	<u>\$ 51,752,728</u>

City of Willmar, Minnesota
Reconciliation of Net Assets in the
Government-Wide Financial Statements and Fund Balances
in the Fund Basis Financial Statements
December 31, 2008

Amounts reported for governmental activities in the statement of net assets are different because:

Total governmental fund balances		\$ 35,414,961
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	143,018,232	
Less: Accumulated depreciation	<u>(44,172,161)</u>	
		98,846,071
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent property taxes	401,227	
Deferred special assessments	<u>7,775,799</u>	
		8,177,026
Internal service funds are used by management to charge the costs of equipment, information technology and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		1,086,209
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	(16,401,559)	
Compensated absences	(3,249,486)	
Accrued interest	<u>(565,804)</u>	
		<u>(20,216,849)</u>
Net assets of governmental activities		<u>\$ 123,307,418</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WILLMAR, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	General	Special Assessments Bonds Debt Service	Street Water/Sewer Capital Projects
REVENUES			
General Property Taxes	\$ 3,354,241	\$ -	\$ -
Sales Tax	-	-	-
Other Taxes	-	-	-
Special Assessments	1,831	1,686,884	-
License and Permits	601,424	-	852,900
Intergovernmental	4,884,359	-	(43,347)
Charges for Services	856,016	-	-
Fines and Forfeits	236,776	-	-
Investment Income	563,886	133,217	99,598
Change in market value	(41,859)	(12,445)	(11,425)
Miscellaneous Revenues	795,078	5,638	-
Total Revenues	<u>11,251,752</u>	<u>1,813,294</u>	<u>897,726</u>
EXPENDITURES			
Current:			
General Government	3,120,895	-	-
Public Safety	4,391,056	-	-
Streets and Highways	3,156,322	-	-
Culture & Recreation	1,708,384	-	-
Economic Development	-	-	-
Debt Service:			
Principal	-	1,195,000	-
Interest	-	546,790	-
Other Charges and Services	-	6,111	-
Capital Outlay	-	-	3,775,576
Total Expenditures	<u>12,376,657</u>	<u>1,747,901</u>	<u>3,775,576</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,124,905)</u>	<u>65,393</u>	<u>(2,877,850)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	2,173,147	1,028,924	400,000
Operating Transfers Out	(1,665,339)	-	(418,909)
Bond Proceeds	-	13,770	1,516,230
Total Other Financing Sources (Uses)	<u>507,808</u>	<u>1,042,694</u>	<u>1,497,321</u>
Net Change in Fund Balances	<u>(617,097)</u>	<u>1,108,087</u>	<u>(1,380,529)</u>
Fund Balances - Beginning	15,876,885	4,038,070	2,294,020
Prior period adjustment see Note 9	-	(570,230)	1,115,042
Fund Balances - Ending	<u>\$ 15,259,788</u>	<u>\$ 4,575,927</u>	<u>\$ 2,028,533</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WILLMAR, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

Local Option Sales Tax Special Revenue Fund	Community Investment Special Revenue	Other Government Funds	Total Governmental Funds
\$ -	\$ -	\$ 199,729	\$ 3,553,970
1,758,919	-	-	1,758,919
-	-	185,063	185,063
-	120,391	-	1,809,106
-	-	-	1,454,324
-	(11,500)	2,046,090	6,875,602
-	-	30,275	886,291
-	-	-	236,776
121,519	404,555	86,878	1,409,653
-	(23,849)	(2,843)	(92,421)
-	1,091	24,508	826,315
<u>1,880,438</u>	<u>490,688</u>	<u>2,569,700</u>	<u>18,903,598</u>
-	-	-	3,120,895
-	-	1,092,566	5,483,622
-	-	18,370	3,174,692
-	-	315,595	2,023,979
37,487	-	217,408	254,895
-	125,000	163,155	1,483,155
-	3,063	77,891	627,744
-	216	3,361	9,688
-	-	747,589	4,523,165
<u>37,487</u>	<u>128,279</u>	<u>2,635,935</u>	<u>20,701,835</u>
<u>1,842,951</u>	<u>362,409</u>	<u>(66,235)</u>	<u>(1,798,237)</u>
-	-	4,680,128	8,282,199
(2,949,068)	(551,474)	(1,857,331)	(7,442,121)
-	-	-	1,530,000
<u>(2,949,068)</u>	<u>(551,474)</u>	<u>2,822,797</u>	<u>2,370,078</u>
<u>(1,106,117)</u>	<u>(189,065)</u>	<u>2,756,562</u>	<u>571,841</u>
596,672	9,453,977	2,446,345	34,705,969
-	(407,661)	-	137,151
<u>\$ (509,445)</u>	<u>\$ 8,857,251</u>	<u>\$ 5,202,907</u>	<u>\$ 35,414,961</u>

City of Willmar, Minnesota
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances-Governmental Funds		\$ 572,057
Governmental funds reported capital outlays as expenditures.		
However, in the statement of activities the cost of those assets		
is allocated over their estimated useful lives and reported as		
depreciation expense.		
Capital Outlay Expense	4,523,164	
Depreciation Expense	<u>(3,279,219)</u>	
		1,243,945
Infrastructure contributed from governmental activities to		
business-type activities reduces governmental net assets		
but does not effect fund balance.		(14,669,597)
The net effect of various miscellaneous transactions involving		
capital assets (i.e., sales, trade-ins, and donations) is to		
decrease net assets		(29,655)
Revenues in the statement of activities that do not provide current		
financial resources are not reported as revenues in the funds		
Deferred Revenue, December 31, 2008	8,177,022	
Deferred Revenue, December 31, 2007	<u>(9,544,840)</u>	
		(1,367,818)
Some expenses reported in the statement of activities do not		
require the use of current financial resources and, therefore,		
are not reported as expenditures in governmental funds.		
Compensated absences, December 31, 2008	(3,249,486)	
Compensated absences, December 31, 2007	<u>2,275,940</u>	
		(973,546)
Bond proceeds provide current financial resources to governmental		
funds, but issuing debt increases long-term liabilities in the		
statement of net assets. Repayment of bond principle is an		
expenditure in the governmental fund, but the repayment		
reduces long-term liabilities in the statement of net assets.		
Principle Retirement of Long-Term Debt	1,483,155	
Bond Proceeds	(1,530,000)	
Change in accrued interest	<u>(48,461)</u>	
		(95,306)
Internal service funds are used by management to charge the		
costs of equipment, information technology and insurance		
to individual funds. The net revenue (expense) of the internal		
service funds is reported with governmental activities		<u>39,476</u>
Change in Net Assets-Governmental Activities		<u>\$ (15,280,444)</u>

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
General Property Taxes	\$ 3,433,646	\$ 3,433,646	\$ 3,354,241	\$ (79,405)
Special Assessments	-	-	1,831	1,831
License and Permits	313,725	313,725	601,424	287,699
Intergovernmental	5,115,981	5,129,383	4,884,359	(245,024)
Charges for Services	716,550	713,381	856,016	142,635
Fines and Forfeits	238,000	238,000	236,776	(1,224)
Investment Income	450,100	450,100	563,886	113,786
Change in market value	-	-	(41,859)	(41,859)
Miscellaneous Revenues	365,140	365,140	795,078	429,938
Total Revenues	10,633,142	10,643,375	11,251,752	608,377
EXPENDITURES				
General Government	3,065,205	3,061,379	3,120,896	(59,517)
Public Safety	4,537,769	4,552,138	4,391,056	161,082
Public Works	2,859,478	2,864,478	3,156,322	(291,844)
Culture & Recreation	1,711,306	1,695,169	1,708,383	(13,214)
Non-Departmental	18,500	18,500	-	18,500
Total Expenditures	12,192,258	12,191,664	12,376,657	(184,993)
Excess (deficiency) of revenues over (under) expenditures	(1,559,116)	(1,548,289)	(1,124,905)	423,384
OTHER FINANCING SOURCES (USES)				
Operating Tranfers In	2,144,363	2,235,363	2,173,147	(62,216)
Operating Transfers Out	(1,243,712)	(1,676,071)	(1,665,339)	10,732
Total Other Financing Sources (Uses)	900,651	559,292	507,808	(51,484)
Net Change in Fund Balances	(658,465)	(988,997)	(617,097)	371,900
Fund Balances - Beginning	15,876,885	15,876,885	15,876,885	325,542
Fund Balances - Ending	\$ 15,218,420	\$ 14,887,888	\$ 15,259,788	\$ 697,442

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Statement of Net Assets
Proprietary Funds
December 31, 2008

	Business-Type Activities Waste Treatment Plant	Governmental Activities Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 73,278	\$ (92,909)
Investments	7,420,447	663,358
Accounts Receivable	8,944	-
Interest Receivable	80,747	6,823
Due From Other Governments	6,730,078	23,366
Due From Other Funds	-	480,187
Inventories	3,846	4,770
Prepaid Items	19,147	-
Restricted Cash and Investments	819,675	-
Total Current Assets	<u>15,156,162</u>	<u>1,085,595</u>
Noncurrent Assets		
Capital Assets:		
Nondepreciable	25,098,114	-
Depreciable	24,760,290	11,680
Less: Accumulated Depreciation	<u>(12,047,239)</u>	<u>(10,512)</u>
Net capital assets	<u>37,811,165</u>	<u>1,168</u>
Total Noncurrent Assets	<u>37,811,165</u>	<u>1,168</u>
TOTAL ASSETS	<u>52,967,327</u>	<u>1,086,763</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	43,680	554
Contracts Payable	3,018,503	-
Accrued Wages	26,966	
Current Portion of Debt	<u>7,512,720</u>	<u>-</u>
Total Current Liabilities	<u>10,601,869</u>	<u>554</u>
Noncurrent Liabilities:		
Bonds Payable	13,525,157	-
Notes Payable	<u>2,265,080</u>	<u>-</u>
Total Noncurrent Liabilities	<u>15,790,237</u>	<u>-</u>
TOTAL LIABILITIES	<u>26,392,106</u>	<u>554</u>
NET ASSETS		
Invested in Capital Assets, net of related debt	14,508,208	1,168
Restricted:		
Designated Plant Improvements	1,698,770	-
Construction Fund	4,535,634	-
Unrestricted	<u>5,832,609</u>	<u>1,085,041</u>
TOTAL NET ASSETS	<u>\$ 26,575,221</u>	<u>\$ 1,086,209</u>

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008

	Business-Type Activities <u>Waste Treatment Plant</u>	Governmental Activities <u>Internal Service Funds</u>
Operating Revenues		
Charges For Sales and Services:	\$ 3,559,867	\$ 37,755
Total Operating Revenues	<u>3,559,867</u>	<u>37,755</u>
Operating Expenses		
Personal Services	889,341	-
Supplies	177,450	16,684
Other Services and Charges	555,419	10,627
Depreciation	<u>625,646</u>	<u>-</u>
Total Operating Expenses	<u>2,247,856</u>	<u>27,311</u>
Operating Income (Loss)	1,312,011	10,444
Nonoperating Revenues (Expenses)		
Investment Earnings	340,331	31,674
Change in market value	(1,801)	(2,642)
Interest Expense	<u>(528,051)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(189,521)</u>	<u>29,032</u>
Income (Loss) Before Contributions and Transfers	1,122,490	39,476
Capital Contributions	7,842,502	-
Capital Grant	468,671	-
Transfers In	1,386,598	-
Transfers Out	<u>(200,000)</u>	<u>(50,000)</u>
Change in Net Assets	10,620,261	(10,524)
Total Net Assets - Beginning	<u>15,954,960</u>	<u>1,096,733</u>
Total Net Assets - Ending	<u>\$ 26,575,221</u>	<u>\$ 1,086,209</u>

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2008

	Business-Type Activities	Governmental Activities
	Waste Treatment Plant	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 3,558,954	\$ 37,755
Payments to Suppliers	(724,580)	(27,346)
Payments to Employees	(862,375)	-
Net Cash Provided by Operating Activities	<u>1,971,999</u>	<u>10,409</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from Other Funds	-	-
Transfer to Other Funds	(200,000)	(50,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(200,000)</u>	<u>(50,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	204,306	-
Purchases of Capital Assets	(7,104,240)	-
Principal Paid on Capital Debt	(1,174,939)	-
Proceeds from Debt	6,272,164	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,802,709)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Investments	2,438,983	38,766
Purchase of Investments	(2,298,000)	(22,000)
Interest Received	318,901	27,969
Net Cash Provided/(Used) by Investing Activities	<u>459,884</u>	<u>44,735</u>
Net Increase (Decrease) in Cash and Cash Equivalents	429,174	5,144
Cash and Cash Equivalents - Beginning	<u>11,580</u>	<u>(98,053)</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 440,754</u></u>	<u><u>\$ (92,909)</u></u>
Classified As:		
Cash and Cash Equivalents	\$ 73,278	\$ (92,909)
Restricted Cash	367,476	-
Total Cash and Cash Equivalents, End of Year	<u><u>\$ 440,754</u></u>	<u><u>\$ (92,909)</u></u>

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2008

	Business-Type Activities	Governmental Activities
	Waste Treatment Plant	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used)		
by Operating Activities:		
Operating Income	\$ 1,312,011	\$ 10,444
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By		
Operating Activities:		
Depreciation	625,646	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(913)	-
(Increase) Decrease in Inventories	-	(53)
(Increase) Decrease in Prepaid Items	(519)	-
Increase (Decrease) in Accounts Payable	8,808	18
Increase (Decrease) in Contracts Payable	-	-
Increase (Decrease) in Accrued Wages	26,966	-
Increase (Decrease) in Due To Other Funds	-	-
Total Adjustments	659,988	(35)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,971,999</u>	<u>\$ 10,409</u>
 Non Cash Transactions:		
Decrease in fair value of investments	\$ (1,801)	\$ (2,642)
Contributed property	\$ 7,842,502	\$ -

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Willmar's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2008. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

The City of Willmar was established in 1901 and is governed under a charter. The governing body consists of an eight member council, and mayor elected by eligible voters of the City. Four members are elected every two years for a four year term. The Mayor's office is for four years. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

1. Component Unit

a. Discretely presented component units

The component unit columns in the government-wide financial statements includes the financial data of the City's other component units. The units are reported in separate columns to emphasize that they are legally separate from the City but are included because the primary government is financially accountable and is able to impose its will on the organizations.

Rice Memorial Hospital

The hospital provides inpatient and outpatient health care services to the City of Willmar and surrounding area. The governing board of Rice Memorial Hospital is appointed by the City Council. The City may change the manner, mode and type of operations of the hospital to permit participation of other agencies. The City also has the power to overrule any decision, motion, resolution, rule, regulation, or order of the board and the legal liability for the general obligation portion of any debt remains with the City. Complete financial statements for Rice Memorial Hospital may be obtained at 301 Becker Avenue SW, Willmar, MN 56201.

Willmar Municipal Utilities

The Willmar Municipal Utilities (WMU) is responsible for the operation and management of the electric, water and district heating systems of the City of Willmar. WMU is governed by the Municipal Utilities Commission which is appointed by the Willmar City Council. The City also has the power to overrule any decision, motion, resolution, rule, regulation, or order of the board and the legal liability for the general obligation portion of any debt remains with the City. The rates for user charges and bond issuance authorizations are approved by the City Council. Complete financial statements for Willmar Municipal Utilities may be obtained at 700 Litchfield Avenue SW, Willmar, MN 56201.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

b. Excluded: Firefighters Association

This association is organized as a non-profit organization by its members to provide pension and other benefits to such members in accordance with Minnesota Statutes. Their board of directors is appointed by the membership of the organization. All funding is conducted in accordance with Minnesota Statutes whereby State Aids flow to the association, tax levies are determined by the association and are only reviewed by the City, and the association pays benefits directly to its members.

B. Basic Financial Statements

1. Government -Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net assets, both the governmental and business-type activities columns:

(a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expenses of each function of the City's governmental activities and its business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The fund financial statements provide information about the City's funds. Separate statements for each fund category -governmental, proprietary and fiduciary-are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed in a separate column in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

a. Governmental Funds

The City reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Debt Service Fund - Special Assessments Bond

This fund accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation special assessment bonds.

Capital Project Fund – Street, Water and Sewer

This fund is used to account for capital acquisition, construction and improvement projects related to streets, water and sewer.

Special Revenue Fund – Local Option Sales Tax

This fund is used to account for the local sales tax revenue. The resources are restricted for specific projects: connecting the Willmar Civic Center and Blue Line Center, the City walking and bike path system and the development of the land acquired through the relocation of the Willmar Airport.

Special Revenue Fund – Community Investment

This fund is used to account for surplus money in each separate improvement fund and in the improvement bond redemption fund which remain after the costs of each improvement have been fully funded.

b. Enterprise Funds

The City reports the following major enterprise fund:

Waste Treatment Fund

This fund is used to account for activities related to providing sewer services to the public.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

c. Internal Service Fund

This fund is used to account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

d. Agency Funds

Financial statements of agency funds, which are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds, are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds assets, liabilities, and net assets are included in the fiduciary statement of net assets.

C. Measurement Focus and Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The City considers all revenues as available if collected within 60 days after the end of the current period, except for reimbursement (expenditure driven) grants for which the period is 90 days. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, hotel-motel taxes, licenses and permits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. *Operating* revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing business operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. *Operating* expenses for the City's enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first, and then restricted resources as they are needed.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the City can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the City in certificates of deposit and other authorized investments. Earnings on cash accounts are allocated to individual funds based upon an average of month-end balances.

Investments are stated at fair value based on quoted market prices at the reporting date.

3. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles.

Property taxes are levied by the City Council in December of each year and are certified to Kandiyohi County for collection in the following year. The property taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments in May and October. The County collects the taxes and periodically remits them to the City. The majority of these remittances are made in June and November.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from delinquent property taxes not collected within 60 days of year-end is deferred in the fund financial statements because they are not known to be available to finance the operations of the City in the current year.

Assessments are levied at various times upon City Council resolution for property owner improvements made by the City. Generally, assessment collections are deferred over periods ranging from one to ten years. Revenue from these assessments is recognized when assessed in the government-wide financial statements and as the annual installments become collectible in the governmental funds of the fund financial statements. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. Delinquent assessments receivable are deferred revenue in the governmental funds of the fund financial statements because they are not known to be available to finance current expenditures.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements.

5. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary funds. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the City did not have any capitalized interest.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 - 50
Building improvements	25 - 50
Infrastructure	10 - 20
Furniture, equipment, and vehicles	3 - 20

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation and sick pay benefits. The liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the government funds only if they have matured. The City typically liquidates the liability for compensated absences to the fund where employees' salaries were originally charged.

8. Deferred Revenue

All City funds and the government-wide financial statements defer revenue for resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Net Assets/Fund Balances

The government-wide and business-type activities fund financial statements use a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

a. Invested in capital assets, net of related debt

This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

b. Restricted net assets

This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

c. Unrestricted net assets

This category represents net assets of the City, not restricted for any project or other purpose.

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and special revenue funds except some capital projects funds, which adopt project-length budgets. All annual appropriations except those for capital outlay lapse at fiscal year end.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

A. Budgets (continued)

On or before the first Tuesday in August of each year, all agencies of the government submit request for appropriations to the Mayor so that a budget may be prepared. In September, the proposed budget is presented to the City's council for review. The council holds public hearings and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function and department. The government's City Administrator may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level. All supplemental budgetary appropriations in all funds were approved by the City Council.

B. Deficit Fund Balances

The following fund had a deficit fund balance as of December 31, 2008:

Special Revenue Fund	
Local Option Sales Tax	<u>\$ (509,445)</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Cash and cash equivalents	\$ 14,410,287
Investments	<u>62,684,508</u>
	<u>\$ 77,094,795</u>

Primary Government	
Cash and cash equivalents	\$ 6,052,644
Investments	36,667,415
Temporarily restricted cash	367,476
Temporarily restricted investments	452,199
Permanently restricted investments	<u>30,000</u>
Total Primary Government	<u>43,569,734</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

1. Deposits and Investments (continued)

Discretely Presented Component Units	
Willmar Municipal Utilities:	
Cash and cash equivalents	3,806,654
Investments	2,695,022
Temporarily restricted investments	<u>8,435,812</u>
Total Willmar Municipal Utilities	<u>14,937,488</u>
Rice Memorial Hospital	
Cash and cash equivalents	3,702,723
Investments	6,565,064
Investments with trustee	5,796,361
Temporarily restricted cash	480,790
Permanently restricted investments	<u>2,042,635</u>
Total Rice Memorial Hospital	<u>18,587,573</u>
Total	<u>\$ 77,094,795</u>

a. Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the City to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better, and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. It is the City's policy that collateral or bonds will be required for all uninsured amounts on deposit and the additional insurance will be documented to show compliance with state law and a perfected security interest under federal law. As of December 31, 2008, the City's deposits were entirely covered by federal depository insurance or by collateral held by the City or its agent in the City's name..

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

b. Investments

Minn. Stat. §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the City:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. It is the City’s policy to minimize its exposure to interest rate risk by investing in both shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, taking into account the City’s investment risk constraints, cash flow characteristics of the portfolio, and prudent investment principles.

	Fair Value	Investment Maturities in Years		
		Less than 1	1-5 Years	6-10 Years
Commercial paper	\$ 5,497,706	\$ 5,497,706	\$ -	\$ -
Certificates of Deposit	1,245,939	-	769,594	476,345
Federal Home Loan Mortgage Corporation	14,062,402	-	10,053,512	4,008,890
Federal Home Loan Bank	8,030,380	-	3,016,260	5,014,120
Federal National Mortgage Association	8,035,317	-	3,015,630	5,019,687
Federal Farm Credit Bank	4,021,240	-	1,000,310	3,020,930
Mutual Funds	2,233,807	2,233,807	-	-
	<u>\$ 43,126,791</u>	<u>\$ 7,731,513</u>	<u>\$ 17,855,306</u>	<u>\$ 17,539,972</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to invest only in securities that meet the ratings requirements set by state statute. The City's investments are rated as follows:

	<u>Rating</u>
Commerical Paper	A1/P1 and A1+/P1
US Government Securities	AAA
Mutual/Bond Funds	Not Rated

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The City's policy is that brokers may hold City investments only to the extent that there is SIPC and excess SIPC coverage available. The City also has a policy that limits the amount invested in a single financial institution or broker to no more than 40% of the total investment portfolio.

The issuers and amounts that exceed five percent of the City's investments are as follows:

<u>Issuer</u>	<u>Amount</u>	<u>Percent</u>
Smith Barney Citigroup	\$ 9,761,519	23%
Wachovia Securities	\$17,072,179	40%
Wells Fargo	\$14,059,286	33%

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City's investment policy dictates that it will diversify its investments by security type and by institution. No more than 40% of the City's total investment portfolio will be invested in a single security type.

The security types and amounts that exceed five percent of the City's total investments are as follows:

Commercial paper	\$ 5,497,706	13 %
Federal Home Loan Mortgage Corporation	14,062,402	34
Federal Home Loan Bank	8,030,380	19
Federal National Mortgage Association	8,035,317	19
Federal Farm Credit Bank	4,021,240	10
Mutual Funds	2,233,807	5
	<u>\$ 41,880,852</u>	<u>100 %</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

3. Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

Governmental Activities *

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 3,687,421	\$ -	\$ -	\$ 3,687,421
Construction in progress	<u>59,802,728</u>	<u>4,278,296</u>	<u>32,782,204</u>	<u>31,298,820</u>
Total	<u>63,490,149</u>	<u>4,278,296</u>	<u>32,782,204</u>	<u>34,986,241</u>
Capital assets being depreciated				
Buildings and structures	11,341,172	688,772	-	12,029,944
Furniture and equipment	3,126,734	356,647	70,152	3,413,229
Machinery and auto	6,656,693	406,074	165,388	6,897,379
Other improvements	<u>72,644,373</u>	<u>13,336,687</u>	<u>288,454</u>	<u>85,692,606</u>
Total	<u>93,768,972</u>	<u>14,788,180</u>	<u>523,994</u>	<u>108,033,158</u>
Less accumulated depreciation for:				
Buildings	2,937,951	248,634	-	3,186,585
Furniture and equipment	1,717,059	237,475	62,044	1,892,490
Machinery and equipment	3,124,249	463,152	143,834	3,443,567
Other improvements	<u>33,608,022</u>	<u>2,329,958</u>	<u>288,461</u>	<u>35,649,519</u>
	<u>41,387,281</u>	<u>3,279,219</u>	<u>494,339</u>	<u>44,172,161</u>
Net property and equipment	<u>\$ 115,871,840</u>	<u>\$ 15,787,257</u>	<u>\$32,811,859</u>	<u>\$ 98,847,238</u>

* Includes internal service fund capital assets

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

3. Capital Assets (continued)

Business-Type Activities

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 321,370	\$ -	\$ -	\$ 321,370
Construction in progress	6,850,000	17,926,744	-	24,776,744
Total	<u>7,171,370</u>	<u>17,926,744</u>	<u>-</u>	<u>25,098,114</u>
Capital assets being depreciated				
Buildings and structures	20,173,014	3,500	-	20,176,514
Furniture and equipment	984,512	21,445	9,348	996,609
Machinery and auto	654,967	-	-	654,967
Other improvements	<u>2,932,202</u>	<u>-</u>	<u>-</u>	<u>2,932,202</u>
Total	24,744,695	24,945	9,348	24,760,292
Less accumulated depreciation for:				
Buildings	9,528,993	492,990	-	10,021,983
Furniture and equipment	605,272	44,214	7,579	641,907
Machinery and auto	365,348	56,654	-	422,002
Other improvements	<u>929,289</u>	<u>30,288</u>	<u>-</u>	<u>959,577</u>
	<u>11,428,902</u>	<u>624,146</u>	<u>7,579</u>	<u>12,045,469</u>
Net property and equipment	<u>\$ 20,487,163</u>	<u>\$ 17,327,543</u>	<u>\$ 1,769</u>	<u>\$ 37,812,937</u>

Component Units

	Rice Memorial Hospital		Willmar Municipal Utilities	
	2008	2007	2008	2007
Land	\$ 2,603,000	\$ 2,603,000	\$ 285,353	\$ 285,353
Buildings	78,912,000	78,269,000	1,156,382	1,152,301
Furniture and equipment	31,536,000	40,179,000	933,851	912,731
Machinery and auto	-	-	1,336,395	1,319,376
Other improvements	1,446,000	1,210,000	-	-
Utility Plant in Service	-	-	61,085,850	59,978,883
Construction in progress	1,484,000	391,000	9,617,795	495,734
Less: Depreciation	<u>(48,320,000)</u>	<u>(51,771,000)</u>	<u>(40,827,899)</u>	<u>(39,004,337)</u>
	<u>\$67,661,000</u>	<u>\$70,881,000</u>	<u>\$ 33,587,727</u>	<u>\$ 25,140,041</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

3. Capital Assets (continued)

Depreciation expense was charged to function s/programs of the primary government as follows:

Governmental Activities	
General government	\$ 83,820
Public safety	234,907
Public works	2,628,293
Culture and recreation	<u>332,199</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,279,219</u>
Business-Type Activities	
Waste treatment	<u>\$ 625,646</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 625,646</u>

Construction Commitments

The City has active construction projects as of December 31, 2008. The projects include street improvements and wastewater treatment improvements and storm water upgrades. At year end the City's commitments with contractors were as follows:

Construction Projects	Remaining Commitment
Street Projects	\$ 863,158
Waste Water Treatment Plant	<u>58,739,008</u>
	<u>\$ 59,602,166</u>

B. Interfund Receivables, Payables and Transfers

1. Due from/Due to

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Debt Service - Tax Increment Bonds	\$ 4,674
General Fund	Debt Service - Tax Increment Bonds	792
Special Revenue - Local Option Sales Tax	Capital Projects - Airport	480,187
Debt Service - Special Assessments	Special Revenue - Community Investment	551,475
Debt Service - Special Assessments	Capital Project - Special Assessments	418,909
Debt Service - Tax Increment Bonds	General Fund	4,268
Capital Projects - Local Option Sales Tax	Special Revenue - Local Option Sales Tax	78,640
Capital Projects - Local Option Sales Tax	Debt Service - Special Assessments	53,139
Capital Projects - Airport Development	Special Revenue - Industrial Development	7,496
Capital Projects - Airport Development	Special Revenue - Local Option Sales Tax	2,870,428
Capital Projects - Airport Development	Capital Projects - F-14 Tomcat	4,588
Capital Projects - Capital Improvements	Special Revenue - WRAC8	39,000
Capital Projects - Capital Improvements	Capital Projects - Miscellaneous Projects	401,294
Internal Services - Public Improvement	Special Revenue - Local Option Sales Tax	<u>480,187</u>
		<u>\$ 5,395,077</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

2. Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City's transfer activity:

<u>Funds transferred to</u>		<u>Funds transferred from</u>	
General Fund	\$ 269,855	Waste Treatment	\$ 200,000
		Internal Services	50,000
		Nonmajor Special Revenue	4,889
		Nonmajor Debt Service	5,466
		Nonmajor Special Revenue	9,500
			<u>269,855</u>
Special Assessments Bonds	970,384	Special Revenue - Community Investment	551,475
		Capital Project - Street, Water, Sewer	418,909
			<u>970,384</u>
Capital Project - Street, Water, Sewer	400,000	General Fund	400,000
Nonmajor Capital Projects	3,161,152	Special Revenue - LOST	2,956,564
		General Fund	200,000
		Nonmajor Special Revenue	4,588
			<u>3,161,152</u>
Nonmajor Debt Service	185,000	General Fund	185,000
Nonmajor Capital Projects	1,316,365	General Fund	876,071
		Nonmajor Special Revenue	39,000
		Nonmajor Capital Projects	401,294
			<u>1,316,365</u>
Waste Treatment	1,386,598	Capital Project - Waste Treatment	1,386,598
Total	<u>\$ 7,689,354</u>	Total	<u>\$ 7,689,354</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

C. Liabilities

1. Deferred Revenue

Deferred revenue consists of taxes and special assessments receivable that are not collected soon enough after year-end to pay liabilities of the current period and prepayments that have been received by not earned.

2. Long-Term Debt

The long-term debt obligations outstanding at year end are summarized as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2008</u>
Primary Government					
Governmental Activities					
<u>G.O. Special Assessments</u>					
2000 Improvement Bond	4.75-5.25	2000	2011	\$ 665,000	\$ 210,000
2001 Improvement Bond	3.00-4.25	2001	2012	1,400,000	560,000
2002 Improvement Bond	2.00-3.75	2002	2013	1,125,000	520,000
2003 Improvement Bond	2.00-4.10	2003	2014	600,000	340,000
2004 Improvement Bond	2.10-4.00	2004	2015	2,125,000	1,440,000
2005 Improvement Bond	3.25-3.65	2005	2016	3,675,000	2,895,000
2006 Improvement Bond	3.60-3.85	2006	2017	1,950,000	1,760,000
2007A Improvement Bond	3.75-4.00	2007	2018	3,285,000	3,285,000
2007B Improvement Bond	4	2007	2018	1,725,000	1,725,000
2008 Improvement Bond	3.00-4.00	2008	2019	<u>1,530,000</u>	<u>1,530,000</u>
Total Special Assessment Bonds				<u>18,080,000</u>	<u>14,265,000</u>
<u>G.O. Revenue Bonds</u>					
2004 Airport Bond	2.00-4.05	2004	2020	<u>2,100,000</u>	<u>1,760,000</u>
Total G.O. Revenue Bonds				<u>2,100,000</u>	<u>1,760,000</u>
Total Governmental Activities				<u>20,180,000</u>	<u>16,025,000</u>
Business-Type Activities					
<u>G.O. Revenue Bonds</u>					
1997 Waste Treatment Note	3.13	1997	2017	4,300,000	2,265,080
2001 Waste Treatment Bond	4.00-4.25	2001	2009	2,160,000	355,000
2004 Waste Treatment Bond	1.45-4.15	2004	2019	1,410,000	1,095,000
2006 Waste Treatment Bond	3.7	2006	2009	6,850,000	6,850,000
2008 Waste Treatment Bond	3.275	2008	2028	78,240,000 *	10,235,670
2008 Waste Treatment Bond	0	2008	2030	<u>7,000,000 *</u>	<u>2,502,207</u>
Total G.O. Revenue Bonds				<u>99,960,000</u>	<u>23,302,957</u>
Total Business-Type Activities				<u>99,960,000</u>	<u>23,302,957</u>
Total Primary Government				<u>\$ 120,140,000</u>	<u>\$ 39,327,957</u>

*Includes undrawn proceeds of \$68,004,330 and \$4,497,793

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

2. Long-Term Debt (continued)

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2008</u>
Component Units					
Municipal Utilities					
<u>Revenue Bonds</u>					
1999 Bond	4.20-5.00	1999	2011	\$ 1,760,000	\$ 675,000
2001 Bond	3.50-4.50	2001	2011	<u>1,240,000</u>	<u>430,000</u>
Total Revenue Bonds				<u>3,000,000</u>	<u>1,105,000</u>
<u>G.O. Revenue Bonds</u>					
2005 Bond	3.00-3.75	2005	2016	<u>1,290,000</u>	<u>1,065,000</u>
Total G.O. Revenue Bonds				<u>1,290,000</u>	<u>1,065,000</u>
Total Municipal Utilities				<u>\$ 4,290,000</u>	<u>\$ 2,170,000</u>
Rice Memorial Hospital					
<u>Revenue Bonds</u>					
1994 Bond	6.20-6.70	1994	2015	<u>\$ 1,865,000</u>	<u>\$ 935,000</u>
<u>G.O. Revenue Bonds</u>					
2002 Bond	3.00-5.00	2002	2032	<u>51,200,000</u>	<u>47,470,000</u>
<u>Notes Payable</u>					
Foundation	Prime - 0.8	2004	2014	1,165,888	610,698
Rice Home Medical	6.95	2007	2014	<u>880,000</u>	<u>835,377</u>
Total Notes Payable				<u>2,045,888</u>	<u>1,446,075</u>
<u>Lease Payable</u>					
Rice Home Medical	N/A	N/A	2009	<u>141,768</u>	<u>18,301</u>
Total Rice Memorial Hospital				<u>\$ 55,252,656</u>	<u>\$ 49,869,376</u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

3. Long-Term Debt Maturities

Long-Term Debt maturities are as follows:

<u>Primary Government</u>	<u>G.O. Special Assessments</u>		<u>G.O. Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>Governmental Activities:</u>				
2009	\$ 1,650,000	\$ 504,542	\$ 120,000	\$ 61,262
2010	1,815,000	438,619	125,000	57,737
2011	1,805,000	371,760	130,000	53,750
2012	1,715,000	306,527	130,000	49,428
2013	1,570,000	245,704	135,000	44,855
2014-2018	5,560,000	480,910	765,000	145,569
2019-2023	<u>150,000</u>	<u>3,000</u>	<u>355,000</u>	<u>14,435</u>
Total Governmental Activity	\$ 14,265,000	\$ 2,351,062	\$ 1,760,000	\$ 427,036
<u>Business-Type Activities:</u>				
2009			\$ 7,512,720	\$ 829,732
2010			813,714	1,740,707
2011			2,325,929	2,537,759
2012			2,877,371	2,558,326
2013			3,038,048	2,464,094
2014-2018			16,463,297	10,759,977
2019-2023			17,574,000	8,009,539
2023-2028			38,200,000	4,110,159
2029-2030			<u>7,000,000</u>	<u>-</u>
Total Business-Type Activity			95,805,079	33,010,293
Total Primary Government			\$ 97,565,079	\$ 33,437,329
<u>Component Units</u>				
	<u>G.O. Revenue Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 930,000	\$ 2,373,600	\$ 650,426	\$ 117,008
2010	965,000	2,338,763	582,359	88,169
2011	1,150,000	2,292,256	510,000	61,882
2012	1,270,000	2,233,825	135,000	34,673
2013	1,335,000	2,170,687	140,000	25,460
2014-2018	7,745,000	9,782,580	310,000	21,105
2019-2023	9,905,000	7,595,125	-	-
2024-2028	12,650,000	4,788,750	-	-
2029-2033	<u>12,585,000</u>	<u>1,296,875</u>	<u>-</u>	<u>-</u>
Total Component Units	\$ 48,535,000	\$ 34,872,461	\$ 2,327,785	\$ 348,297

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

4. Changes in Long-Term Liabilities

	<u>Balance</u> <u>01/01/2008</u>	<u>Issued</u>	<u>Retired/ Defeased</u>	<u>Balance</u> <u>12/31/08</u>
Primary Government				
Governmental Activities				
G.O. Special Assessment Bonds	\$ 14,055,000	\$ 1,530,000	\$ 1,320,000	\$ 14,265,000
G.O. Revenue Bonds	1,880,000	-	120,000	1,760,000
Compensated Absences	2,275,940	973,546	-	3,249,486
Total Governmental Activities	<u>18,210,940</u>	<u>2,503,546</u>	<u>1,440,000</u>	<u>19,274,486</u>
Business-Type Activities				
G.O. Revenue Bonds	11,740,019	12,737,877	1,174,939	23,302,957
Total Business-Type Activities	<u>11,740,019</u>	<u>12,737,877</u>	<u>1,174,939</u>	<u>23,302,957</u>
Total Primary Government	<u><u>\$ 29,950,959</u></u>	<u><u>\$ 15,241,423</u></u>	<u><u>\$ 2,614,939</u></u>	<u><u>\$ 42,577,443</u></u>
Component Units				
Municipal Utilities				
Revenue Bonds	\$ 1,440,000	\$ -	\$ 335,000	\$ 1,105,000
G.O. Revenue Bonds	1,180,000	-	115,000	1,065,000
Total Municipal Utilities	<u>2,620,000</u>	<u>-</u>	<u>450,000</u>	<u>2,170,000</u>
Rice Memorial Hospital				
Revenue Bond	1,040,000	-	105,000	935,000
G.O. Revenue Bonds	48,265,000	-	795,000	47,470,000
Note Payable: Foundation	721,736	-	111,038	610,698
Note Payable: Rice Home Medical	872,770	-	37,393	835,377
Lease Payable: Rice Home Medical	141,768	24,373	147,840	18,301
Total Rice Memorial Hospital	<u>51,041,274</u>	<u>24,373</u>	<u>1,196,271</u>	<u>49,869,376</u>
Total Component Units	<u><u>\$ 53,661,274</u></u>	<u><u>\$ 24,373</u></u>	<u><u>\$ 1,646,271</u></u>	<u><u>\$ 52,039,376</u></u>

D. Designated Fund Balance

At December 31, 2008, the following balances were designated:

GENERAL FUND

Designated for:

2009 Operating Budget	\$ 1,148,319
2010 Operating Budget	914,492
Advance to TIF	650,000
Public Works Blacktop	400,000
Compensated Absence	3,249,486
Capital Improvements Fund	2,100,237
Self-Insurance	1,000,000
Working Capital	3,000,000
Current Year Emergency Appropriations	1,300,000
Future Year Emergency Appropriations	1,300,000
Petty Cash	2,300
	<u><u>\$ 15,064,834</u></u>

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). The PERA administers the Public Employees Retirement Fund and the Public Employees Police and Fire Fund, which are cost sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs.353 and 356.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund.

The PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For all Public Employees Retirement Fund members whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund members, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

B. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.0 percent, respectively, of their annual covered salary in 2008. Public Employees Police and Fire Fund members were required to contribute 8.60 percent of their annual covered salary in 2008. Contribution rates will increase in 2009 to 9.40% for Public Employees Police and Fire Fund members.

The City is required to contribute the following percentages of annual covered payroll in 2008 and 2009:

	<u>2008</u>	<u>2009</u>
Public Employee Retirement Fund		
Basic Plan Members	11.78 %	11.78 %
Coordinated Plan Members	6.50 %	6.75 %
Public Employees Police and Fire Fund	12.90 %	14.10 %

The City's contributions for the years ending December 31, 2008, 2007, and 2006, for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	Employees Retirement Fund	Employees Police and Fire Fund
2008	\$ 248,216	\$ 272,954
2007	\$ 235,299	\$ 232,873
2006	\$ 213,228	\$ 197,356

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

NOTE 5 OTHER POST EMPLOYMENT BENEFITS

Primary Government

At December 31, 2008, the City had not adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB) as it relates to the Primary Government. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 5 OTHER POST EMPLOYMENT BENEFITS (continued)

Component Units

Willmar Municipal Utilities

The Utilities engaged an actuary to determine the Utilities liability for postemployment benefits other than pensions. The liability was determined to be immaterial and therefore GASB Statement No. 45 was not adopted.

Rice Memorial Hospital

As of December 31, 2008 the Hospital implemented the requirements of Governmental Accounting Standards Board (GASB) No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions*. Qualified employees may choose to participate in the Hospital's insurance plan after retirement, with no contribution from the Hospital. The Hospital provides these benefits to retirees as required by Minnesota statute 471.61 subdivision 2b. As of December 31, 2008 there were approximately 23 retirees receiving benefits from the Hospital's health plan.

Annual OPEB Cost and Net OPEB Obligation

The Hospital's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the Hospital's annual OPEB cost as of December 31, 2008, the amount actually contributed to the insurance plan, and changes in the Hospital's net OPEB obligation.

Net OPEB, Beginning of Year	\$ -
Activity During the Year:	
Annual Required Contribution (ARC)	311,374
Interest on Net OPEB Obligation	-
Adjustments to ARC	-
Contributions during the fiscal year	<u>(92,156)</u>
Increase in Net OPEB Obligation	<u>219,218</u>
Net OPEB, End of the Year	<u>\$ 219,218</u>

The Hospital's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation consist of the following at December 31, 2008:

	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contribution</u>	<u>Net OPEB Obligation</u>
12/31/2008	\$ 311,374	\$ 92,156	29.60%	\$ 219,218

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 5 OTHER POST EMPLOYMENT BENEFITS (continued)

Funding Status

The Hospital provides to retirees the option to participate in the Hospital's health insurance plan after retirement, with no contribution from the Hospital. The Hospital currently has 23 retirees receiving benefits from the Hospital's health plan.

The Hospital currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of the assets is \$-0- at December 31, 2008. The following is a summary of the funding status at January 1, 2008, the actuarial valuation date:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ -	\$2,570,463	\$ 2,570,463	0.00%	\$29,120,432	8.83%

NOTE 6 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. This City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

The workers' compensation policy is a retrospectively rated policy with premiums that accrue based on the ultimate cost of the experience to date. There is no way to estimate what the change in premium may be. Generally, it has been minimal.

NOTE 7 CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City of Willmar has an agreement with the Minnesota Department of Transportation to repay the State Airport Fund approximately \$824,380 from proceeds of the sale of land located at the former airport.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 8 LEASE AGREEMENTS

The City has entered into an agreement with the Housing and Redevelopment Authority In and For the City of Willmar (the Authority) to lease a building used for the city garage. The term of the lease is 15 years commencing October 1996. The agreement requires annual payments equal to the principal and interest due on bonds issued by the Authority. As of December 31, 2008, the principal balance was \$215,000.

Future minimum lease payments are:

2009	\$ 80,480
2010	76,455
2011	<u>77,213</u>
	<u>\$ 234,148</u>

The City has entered into an agreement with Kandiyohi County to lease space for the Willmar Police Department. The term of the lease is 20 years commencing October 2000. The agreement requires annual payments of \$175,000.

Future minimum lease payments are:

2009	\$ 175,000
2010	175,000
2011	175,000
2012	175,000
2013	175,000
2014-2018	875,000
2019-2020	<u>350,000</u>
	<u>\$ 2,100,000</u>

NOTE 9 JOINTLY-GOVERNED ORGANIZATIONS

Kandiyohi County and City of Willmar Economic Development Commission

The EDC was established on July 1, 2003, by a joint-powers agreement between Kandiyohi County and the City of Willmar by resolution pursuant to Minn. Laws 1989, First Special Session, ch. 1, Art. 17, § 21. The EDC was set up to encourage, attract, promote, and develop economically sound industry and commerce within the County and City. The EDC has six members. Kandiyohi County appoints three members, and the City of Willmar appoints three members of the EDC. Each member is appointed to serve for three years. Complete financial information for the EDC can be obtained at Kandiyohi County and City of Willmar Economic Development Commission, 312 Fourth Street S.W., Suite 2, P. O. Box 1783, Willmar, Minnesota 56201.

CITY OF WILLMAR, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 9 JOINTLY-GOVERNED ORGANIZATIONS (continued)

Kandiyohi Area Transit

KAT was established on October 20, 1998 by a joint powers agreement Kandiyohi County and the City of Willmar. The Transit Board is made up of two members appointed by Kandiyohi County, two members appointed by the City of Willmar, and one elected official from other local governments in Kandiyohi County appointed by the Transit Board. Complete financial information for KAT can be obtained at Kandiyohi Area Transit, 1320 22nd Street SW, Willmar, Minnesota 56201.

NOTE 10 PRIOR PERIOD ADJUSTMENTS

Certain adjustments have been made to the January 1, 2008 fund balances, they are as follows:

Special Revenue - Community Investment Fund

1/1/2008 Fund balance	\$ 9,453,977
Deferred revenue adjustment	<u>(407,661)</u>
1/1/2008 Adjusted fund balance	<u>\$ 9,046,316</u>

Debt Service - Special Assessments

1/1/2008 Fund balance	\$ 4,038,068
Deferred revenue adjustment	<u>(570,228)</u>
1/1/2008 Adjusted fund balance	<u>\$ 3,467,840</u>

Capital Projects - Street, Water, Sewer

1/1/2008 Fund balance	\$ 2,294,020
Contracts payable adjustment	<u>1,115,042</u>
1/1/2008 Adjusted fund balance	<u>\$ 3,409,062</u>

The January 1, 2008 net assets balance for governmental activities was adjusted as follows:

Governmental Activities

1/1/2008 Net assets	\$ 133,209,756
Construction in progress	(2,543,506)
Accumulated depreciation	(738,148)
Deferred revenue	<u>8,659,760</u>
1/1/2008 Adjusted net assets	<u>\$ 138,587,862</u>

BUDGET AND ACTUAL SCHEDULES

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 3,133,646	\$ 3,383,646	\$ 3,304,665	\$ (78,981)
Delinquent Ad Valorem	50,000	50,000	49,576	(424)
Franchise Fee	250,000	-	-	-
TOTAL TAXES	3,433,646	3,433,646	3,354,241	(79,405)
LICENSES/PERMITS				
Business License/Permit	42,225	42,225	46,782	4,557
Non-Business License/Permit	271,500	271,500	554,642	283,142
TOTAL LICENSES & PERMITS	313,725	313,725	601,424	287,699
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Federal Grant	500	500	-	(500)
STATE GRANTS				
Local Government Aid	4,374,578	4,374,578	4,058,041	(316,537)
Police Department Aid	155,000	155,000	222,419	67,419
State Grant	-	13,402	19,127	5,725
P.E.R.A. Aid	172,146	172,146	172,146	-
Airport Aid	43,362	43,362	51,636	8,274
MFG Home HACA	-	-	268	268
Fire Department Aid	95,000	95,000	75,124	(19,876)
Shared Highway User Tax	165,000	165,000	171,803	6,803
COUNTY GRANTS				
Kandiyohi County Highways	3,795	3,795	3,795	-
SCHOOL DISTRICT #347				
School Liaison Officer	106,600	106,600	110,000	3,400
TOTAL INTERGOVERNMENTAL	5,115,981	5,129,383	4,884,359	(245,024)
SERVICE CHARGES				
General Government	16,000	16,000	16,003	3
Public Safety	149,050	150,050	218,640	68,590
Buildings & Grounds	10,600	10,600	11,226	626
Civic Center	262,600	262,600	287,743	25,143
Leisure Services	188,200	186,547	165,985	(20,562)
Highways & Streets	14,100	14,100	16,992	2,892
Senior Citizens	11,000	8,484	10,098	1,614
Transportation (Airport)	65,000	65,000	129,329	64,329
TOTAL SERVICE CHARGES	716,550	713,381	856,016	142,635
FINES AND FORFEITS				
Court Fines	120,000	120,000	136,929	16,929
Impounding Fees	54,000	54,000	54,872	872
Parking Violations	24,000	24,000	29,975	5,975
Other Fines and Forfeits	40,000	40,000	15,000	(25,000)
TOTAL FINES & FORFEITS	238,000	238,000	236,776	(1,224)
SPECIAL ASSESSMENTS				
Special Assessments	-	-	1,831	1,831
TOTAL SPECIAL ASSESSMENTS	-	-	1,831	1,831

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2008

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES (Con't)				
MISCELLANEOUS REVENUE				
Miscellaneous	22,500	22,500	64,671	42,171
Interest Earnings	450,100	450,100	563,886	113,786
Sale of Fixed Assets	20,000	20,000	13,850	(6,150)
Sale of Materials	40,640	40,640	59,360	18,720
Contributions/Donations	2,000	2,000	600	(1,400)
Capital Gains	-	-	133,525	133,525
Market Value Increase (Decrease)	-	-	(41,859)	(41,859)
Insurance Reimbursements	100,000	100,000	231,866	131,866
Insurance Pass Through	180,000	180,000	291,206	111,206
TOTAL MISCELLANEOUS	815,240	815,240	1,317,105	501,865
TOTAL REVENUE	10,633,142	10,643,375	11,251,752	608,377
EXPENDITURES				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	213,321	213,321	220,289	(6,968)
Supplies	1,235	1,235	1,214	21
Other Services & Charges	3,550	3,550	3,013	537
Total	218,106	218,106	224,516	(6,410)
Mayor and Council				
Personal Services	78,550	78,550	78,718	(168)
Supplies	12,170	12,170	12,295	(125)
Other Services & Charges	93,800	93,800	86,704	7,096
Total	184,520	184,520	177,717	6,803
Planning & Development				
Personal Services	387,158	387,158	398,285	(11,127)
Supplies	10,350	10,350	9,718	632
Other Services & Charges	34,500	34,500	25,768	8,732
Total	432,008	432,008	433,771	(1,763)
City Clerk/Treasurer				
Personal Services	181,584	181,584	186,752	(5,168)
Supplies	5,835	5,835	8,180	(2,345)
Other Services & Charges	8,375	8,375	3,741	4,634
Total	195,794	195,794	198,673	(2,879)
Assessing				
Personal Services	275,916	280,090	275,196	4,894
Supplies	3,400	3,400	4,562	(1,162)
Other Services & Charges	9,850	9,850	7,380	2,470
Total	289,166	293,340	287,138	6,202
Accounting				
Personal Services	321,741	321,741	326,083	(4,342)
Supplies	6,550	6,550	3,453	3,097
Other Services & Charges	30,600	27,600	27,797	(197)
Total	358,891	355,891	357,333	(1,442)

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
GENERAL GOVERNMENT (Con't)				
Legal				
Personal Services	148,573	148,573	153,918	(5,345)
Supplies	5,600	5,600	5,819	(219)
Other Services & Charges	22,850	22,850	22,048	802
Total	177,023	177,023	181,785	(4,762)
City Hall				
Personal Services	41,789	41,789	43,056	(1,267)
Supplies	14,050	14,050	17,608	(3,558)
Other Services & Charges	41,675	41,675	50,847	(9,172)
Total	97,514	97,514	111,511	(13,997)
Data Processing Center				
Personal Services	126,334	126,334	127,583	(1,249)
Supplies	8,000	8,000	3,854	4,146
Other Services & Charges	85,710	85,710	35,485	50,225
Total	220,044	220,044	166,922	53,122
Cultural Diversity				
Other Services & Charges	80,217	80,217	80,217	-
Total	80,217	80,217	80,217	-
Elections & Voters Registration				
Personal Services	47,592	47,592	44,625	2,967
Supplies	1,650	1,650	215	1,435
Other Services & Charges	7,430	7,430	6,478	952
Total	56,672	56,672	51,318	5,354
Non-Departmental Expenses				
Personal Services	29,000	29,000	-	29,000
Supplies	-	-	43	(43)
Insurances	-	-	3,050	(3,050)
Other Charges/Services	100,250	95,250	115,038	(19,788)
Labor Negotiator	5,000	5,000	-	5,000
Re-Employment Insurance	1,000	1,000	146	854
Refunds Paid	175,000	175,000	188,340	(13,340)
Retired Employees Insurance	100,000	100,000	82,429	17,571
Workers Comp. Self Insurance	-	-	3,226	(3,226)
Severance	5,000	5,000	374	4,626
Insurance Deductible	100,000	100,000	116,893	(16,893)
Downtown Items	60,000	60,000	60,000	-
Insurance Pass Through	180,000	180,000	280,455	(100,455)
Total	755,250	750,250	849,994	(99,744)
TOTAL GENERAL GOVERNMENT	3,065,205	3,061,379	3,120,896	(59,517)
PUBLIC SAFETY				
Police Department				
Personal Services	3,223,672	3,236,302	3,202,880	33,422
Supplies	194,900	194,900	169,998	24,902
Other Services & Charges	184,250	184,250	168,094	16,156
Debt Redemption	175,000	175,000	175,000	-
Total	3,777,822	3,790,452	3,715,972	74,480

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	561,593	561,593	520,182	41,411
Supplies	93,174	93,141	62,060	31,081
Other Services & Charges	95,180	96,952	70,764	26,188
Total	749,947	751,686	653,006	98,680
Non-Department Expenses				
Civil Defense Sirens	-	-	19,298	(19,298)
Refunds Paid	-	-	250	(250)
Safety Program	10,000	10,000	2,530	7,470
Total	10,000	10,000	22,078	(12,078)
TOTAL PUBLIC SAFETY	4,537,769	4,552,138	4,391,056	161,082
PUBLIC WORKS				
Engineering				
Personal Services	461,116	466,116	452,373	13,743
Supplies	10,050	10,050	14,732	(4,682)
Other Services & Charges	26,650	26,650	3,893	22,757
Total	497,816	502,816	470,998	31,818
Public Works				
Personal Services	1,546,065	1,546,065	1,598,098	(52,033)
Supplies	372,450	372,450	549,360	(176,910)
Other Services & Charges	245,250	245,250	241,006	4,244
Interest	25,000	25,000	11,129	13,871
Debt Redemption	-	-	65,000	(65,000)
Total	2,188,765	2,188,765	2,464,593	(275,828)
Airport				
Personal Services	52,347	52,347	45,103	7,244
Supplies	13,000	13,000	16,333	(3,333)
Other Services & Charges	95,550	95,550	149,570	(54,020)
Total	160,897	160,897	211,006	(50,109)
Transit				
Other Services & Charges	9,000	9,000	9,000	-
Total	9,000	9,000	9,000	-
Non-Departmental Expenses				
Other Services & Charges	3,000	3,000	725	2,275
Total	3,000	3,000	725	2,275
TOTAL PUBLIC WORKS	2,859,478	2,864,478	3,156,322	(291,844)
NON-DEPARTMENTAL EXPENSES				
Social Services				
Meals on Wheels	18,500	18,500	-	18,500
TOTAL NON-DEPARTMENTAL EXPENSE	18,500	18,500	-	18,500
CULTURE & RECREATION				
Auditorium				
Personal Services	58,384	58,384	65,305	(6,921)
Supplies	13,500	13,500	13,647	(147)
Other Services & Charges	35,375	35,375	39,958	(4,583)
Total	107,259	107,259	118,910	(11,651)

City of Willmar, Minnesota
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES (Con't)				
CULTURE & RECREATION (Con't)				
Non-Department Expenses				
Civic Promotion	91,000	76,000	42,704	33,296
Total	91,000	76,000	42,704	33,296
Leisure Services				
Personal Services	219,871	219,871	252,940	(33,069)
Supplies	21,450	19,797	22,793	(2,996)
Other Services & Charges	140,350	140,350	115,288	25,062
Total	381,671	380,018	391,021	(11,003)
Library				
Supplies	-	-	900	(900)
Other Services & Charges	425,733	425,733	345,893	79,840
Total	425,733	425,733	346,793	78,940
Civic Center - Ice Arena				
Personal Services	281,957	281,957	296,006	(14,049)
Supplies	67,700	67,700	79,831	(12,131)
Other Services & Charges	142,050	142,050	165,658	(23,608)
Miscellaneous	-	-	720	(720)
Total	491,707	491,707	542,215	(50,508)
Senior Citizens Center				
Personal Services	34,500	34,500	40,414	(5,914)
Supplies	5,050	5,566	21,358	(15,792)
Other Services & Charges	29,800	29,800	26,375	3,425
Total	69,350	69,866	88,147	(18,281)
Aquatics Center				
Personal Services	100,086	100,086	109,390	(9,304)
Supplies	25,000	25,000	38,971	(13,971)
Other Services & Charges	19,500	19,500	30,233	(10,733)
Total	144,586	144,586	178,594	(34,008)
TOTAL CULTURE & RECREATION	1,711,306	1,695,169	1,708,384	(13,215)
TOTAL EXPENDITURES	12,192,258	12,191,664	12,376,657	(184,993)
Excess of Revenues Over Expenditures	(1,559,116)	(1,548,289)	(1,124,905)	423,384
OTHER FINANCING SOURCES (USES)				
Transfers In	2,144,363	2,235,363	2,173,147	(62,216)
Transfers Out	1,243,712	1,676,071	(1,665,339)	10,732
Total Other Financing Sources (Uses)	900,651	559,292	507,808	(51,484)
Net Change in Fund Balances	(658,465)	(988,997)	(617,097)	371,900
Fund Balances - Beginning	15,876,885	15,876,885	15,876,885	-
Fund Balances - Ending	\$ 15,218,420	\$ 14,887,888	\$ 15,259,788	\$ 371,900

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Community Investment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General Taxes				
Delinquent Ad Valorem	\$ -	\$ -	\$ -	\$ -
Special Assessments				
Special Assessments	113,400	113,400	120,391	6,991
Intergovernmental	-	-	(11,500)	(11,500)
Miscellaneous Revenue				
Miscellaneous	-	-	1,091	1,091
Interest Earnings	320,000	320,000	404,555	84,555
Market Value Increase(Decrease)	-	-	(23,849)	(23,849)
Total Revenues	433,400	433,400	490,688	57,288
EXPENDITURES				
Principal	-	-	125,000	(125,000)
Interest	-	-	3,063	(3,063)
Other Charges	-	-	216	(216)
Total Expenditures	-	-	128,279	(128,279)
Excess (Deficiency) of Revenues Over (Under) Expenditures	433,400	433,400	362,409	(70,991)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(375,125)	(375,125)	(551,474)	(176,349)
Total Other Financing Sources (Uses)	(375,125)	(375,125)	(551,474)	(176,349)
Net Change in Fund Balances	58,275	58,275	(189,065)	(247,340)
Fund Balance - Beginning	9,046,316	9,046,316	9,046,316	-
Fund Balance - Ending	\$ 9,104,591	\$ 9,104,591	\$ 8,857,251	\$ (247,340)

City of Willmar, Minnesota
Convention & Visitors' Bureau Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General Taxes				
Hotel-Motel Tax	\$ 135,000	\$ 135,000	\$ 144,433	\$ 9,433
Intergovernmental				
State Tourism Grant	2,000	2,000	3,722	1,722
Kandiyohi County Camping Fees	12,500	12,500	14,932	2,432
Total Intergovernmental	14,500	14,500	18,654	4,154
Service Charges	1,000	1,000	6,458	5,458
Miscellaneous Revenue				
Miscellaneous	3,000	3,000	5,908	2,908
Net Change in Fair Market Value	-	-	(1,095)	(1,095)
Interest Earnings	3,000	3,000	11,162	8,162
Total Miscellaneous Revenue	6,000	6,000	15,975	9,975
Total Revenue	156,500	156,500	185,520	29,020
EXPENDITURES				
Personal Services	71,000	71,000	66,377	4,623
Supplies	9,990	9,990	7,829	2,161
Other Services and Charges	25,300	25,300	18,498	6,802
Ad Development	1,000	1,000	210	790
Conference & Convention	20,000	20,000	9,791	10,209
Group Tour Promotions	8,650	8,650	3,989	4,661
Leisure Travel	20,000	20,000	18,745	1,255
Fall/Winter Promotions	5,000	5,000	623	4,377
Refunds & Reimbursements	-	-	3,229	(3,229)
Special Projects	10,000	10,000	6,100	3,900
Strategic Marketing	25,000	25,000	13,847	11,153
Total Expenditures	195,940	195,940	149,237	46,703
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,440)	(39,440)	36,283	75,723
OTHER FINANCING SOURCES (USES)				
Transfers Out - General	(6,500)	(6,500)	(4,889)	1,611
Total Other Financing Sources (Uses)	(6,500)	(6,500)	(4,889)	1,611
Net Change in Fund Balances	(45,940)	(45,940)	31,394	77,334
Fund Balance - Beginning	247,711	247,711	247,711	-
Fund Balance - Ending	\$ 201,771	\$ 201,771	\$ 279,105	\$ 77,334

City of Willmar, Minnesota
WRAC - 8 Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General Taxes				
Franchise Taxes	\$ 180,000	\$ 180,000	\$ 195,870	\$ 15,870
Miscellaneous Revenue				
Interest Earnings	8,000	8,000	13,443	5,443
Miscellaneous	-	-	5,826	5,826
Total Miscellaneous Revenue	8,000	8,000	19,269	11,269
Total Revenues	188,000	188,000	215,139	27,139
EXPENDITURES				
Personal Services	113,428	113,428	130,093	(16,665)
Supplies	8,430	8,430	7,564	866
Other Services/Charges	26,075	26,075	24,998	1,077
Total Expenditures	147,933	147,933	162,655	(14,722)
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,067	40,067	52,484	12,417
OTHER FINANCING SOURCES (USES)				
Transfer Out - Capital Improvements	(39,000)	(39,000)	(39,000)	-
Total Other Financing Sources (Uses)	(39,000)	(39,000)	(39,000)	-
Net Change in Fund Balances	1,067	1,067	13,484	12,417
Fund Balances - Beginning	328,097	328,097	328,097	-
Fund Balances - Ending	\$ 329,164	\$ 329,164	\$ 341,581	\$ 12,417

City of Willmar, Minnesota
Economic Development Revolving Loan Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ 11,840	\$ 11,840	\$ 17,007	\$ 5,167
Market Value Decrease	-	-	(619)	(619)
Total Revenues	11,840	11,840	16,388	4,548
EXPENDITURES				
Other Services/Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,840	11,840	16,388	4,548
Net Change in Fund Balances	11,840	11,840	16,388	4,548
Fund Balance - Beginning	428,108	428,108	428,108	-
Fund Balance - Ending	\$ 439,948	\$ 439,948	\$ 444,496	\$ 4,548

City of Willmar, Minnesota
Local Option Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budget Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General Taxes				
Sales/Use Tax	\$ 1,665,000	\$ 1,665,000	\$ 1,758,919	\$ 93,919
Excise Tax	-	-	-	-
Total General Taxes	1,665,000	1,665,000	1,758,919	93,919
Miscellaneous Revenue				
Miscellaneous	-	-	-	-
Interest Earnings	35,000	35,000	121,519	86,519
Total Miscellaneous Revenue	35,000	35,000	121,519	86,519
Total Revenue	1,700,000	1,700,000	1,880,438	180,438
EXPENDITURES				
Other Services and Charges	-	-	37,487	(37,487)
Total Expenditures	-	-	37,487	(37,487)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,700,000	1,700,000	1,842,951	142,951
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(328,396)	(2,949,068)	2,620,672
Total Other Financing Sources (Uses)	-	(328,396)	(2,949,068)	2,620,672
Net Change in Fund Balances	1,700,000	1,371,604	(1,106,117)	2,763,623
Fund Balance - Beginning	596,672	596,672	596,672	-
Fund Balance - Ending	\$ 2,296,672	\$ 1,968,276	\$ (509,445)	\$ 2,763,623

City of Willmar, Minnesota
Debt Service Funds/Special Assessments Bonds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
General Taxes				
Delinquent Ad Valorem	\$ -	\$ -	\$ -	\$ -
Special Assessments				
Special Assessments	879,198	879,198	1,686,885	807,687
Intergovernmental				
MSA Funds	-	-	-	-
Miscellaneous Revenue				
Miscellaneous	-	-	5,639	5,639
Interest Earnings	37,000	37,000	133,217	96,217
Net change in fair market value	-	-	(12,447)	(12,447)
Total Revenues	916,198	916,198	1,813,294	897,096
EXPENDITURES				
Bond Principal Payments	1,195,000	1,195,000	1,195,000	-
Interest Payments	546,792	546,792	546,792	-
Other Charges	4,500	4,500	6,111	1,611
Total Expenditures	1,746,292	1,746,292	1,747,903	1,611
Excess (Deficiency) of Revenues Over (Under) Expenditures	(830,094)	(830,094)	65,391	895,485
OTHER FINANCING SOURCES (USES)				
Transfers In	258,082	258,082	1,028,924	770,842
Transfers Out	-	-	-	-
Bond Proceeds	117,043	117,043	13,770	(103,273)
Total Other Financing Sources (Uses)	375,125	375,125	1,042,694	667,569
Net Change in Fund Balances	(454,969)	(454,969)	1,108,085	1,563,054
Fund Balances - Beginning	3,467,842	3,467,842	3,467,842	-
Fund Balances - Ending	\$ 3,012,873	\$ 3,012,873	\$ 4,575,927	\$ 1,563,054

City of Willmar, Minnesota
Debt Service Funds/ Airport G.O. Revenue Bonds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Interest Earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Bond Principal Payments	120,000	120,000	120,000	-
Interest Payments	64,413	64,413	64,413	-
Other Charges	1,000	1,000	3,361	(2,361)
Professional Services	-	-	-	-
Total Expenditures	185,413	185,413	187,774	(2,361)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(185,413)	(185,413)	(187,774)	(2,361)
OTHER FINANCING SOURCES(USES)				
Transfers In	185,000	185,000	185,000	-
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	185,000	185,000	185,000	-
Net Change in Fund Balances	(413)	(413)	(2,774)	(2,361)
Fund Balances - Beginning	173,911	173,911	173,911	-
Fund Balances - Ending	\$ 173,498	\$ 173,498	\$ 171,137	\$ (2,361)

City of Willmar, Minnesota
Debt Service Funds/Tax Increment Bonds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2008

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
General Taxes				
Current Ad Valorem	\$ -	\$ -	\$ 3,859	\$ 3,859
Tax Increment	25,813	25,813	40,630	14,817
Total Taxes	25,813	25,813	44,489	18,676
Miscellaneous	-	-	-	-
Total Revenues	25,813	25,813	44,489	18,676
EXPENDITURES				
Principal Payments	17,369	17,369	43,155	(25,786)
Interest Payments	6,113	6,113	13,478	(7,365)
Other Charges	-	-	-	-
Contracts	-	-	-	-
Total Expenditures	23,482	23,482	56,633	(33,151)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,331	2,331	(12,144)	(14,475)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	17,610	17,610
Transfers Out	(2,331)	(2,331)	(5,466)	(3,135)
Total Other Financing Sources (Uses)	(2,331)	(2,331)	12,144	14,475
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds
December 31, 2008

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service Funds	Perpetual Care Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 56,471	\$ 752,903	\$ 87,107	\$ 854	\$ 897,335
Investments	1,003,104	400,107	-	7,849	1,411,060
Receivables					
Taxes Receivable - Current	-	-	-	-	-
Taxes Receivable - Delinquent	9,600	-	-	-	9,600
Accounts Receivable	51,629	-	-	-	51,629
Notes Receivable	287,357	-	-	-	287,357
Interest Receivable	10,343	4,085	-	391	14,819
Due From Other Funds	-	3,454,584	4,268	-	3,458,852
Due From Other Governments	277,831	1,157,949	-	-	1,435,780
Prepaid Items	12,585	-	151,455	-	164,040
Restricted Assets:	-	-	-	-	-
Investments	-	-	-	30,000	30,000
Unamortized Discounts On Bonds	-	-	19,110	-	19,110
Total Assets	<u>\$ 1,708,920</u>	<u>\$ 5,769,628</u>	<u>\$ 261,940</u>	<u>\$ 39,094</u>	<u>\$ 7,779,582</u>
LIABILITIES					
Accounts Payable	\$ 302,441	\$ 25,299	\$ 85,337	\$ -	\$ 413,077
Contracts Payable	-	64,225	-	-	64,225
Accrued Wages	3,393	-	-	-	3,393
Due To Other Funds	51,084	881,481	5,466	-	938,031
Deferred Revenue	-	1,157,949	-	-	1,157,949
Total Liabilities	<u>356,918</u>	<u>2,128,954</u>	<u>90,803</u>	<u>-</u>	<u>2,576,675</u>
FUND BALANCES					
Reserved - Debt Service	-	-	19,682	-	19,682
Reserved - Prepaid Items	12,585	-	151,455	-	164,040
Reserved - Perpetual Care Fund	-	-	-	30,000	30,000
Unreserved - Designated Future Exp.	1,339,417	3,640,674	-	9,094	4,989,185
Total Fund Balances	<u>1,352,002</u>	<u>3,640,674</u>	<u>171,137</u>	<u>39,094</u>	<u>5,202,907</u>
Total Liabilities and Fund Balances	<u>\$ 1,708,920</u>	<u>\$ 5,769,628</u>	<u>\$ 261,940</u>	<u>\$ 39,094</u>	<u>\$ 7,779,582</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds
For the Year Ended December 31, 2008

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service Funds	Perpetual Care Fund	Total Nonmajor Governmental Funds
REVENUES					
General Taxes	\$ 195,870	\$ -	\$ 3,859	\$ -	\$ 199,729
Other Taxes	144,433	-	40,630	-	185,063
Intergovernmental	585,150	1,460,941	-	-	2,046,091
Charges for Services	30,275	-	-	-	30,275
Investment Income	57,807	27,333	-	1,738	86,878
Net change in fair market value	(2,692)	-	-	(151)	(2,843)
Miscellaneous Revenue	12,982	11,526	-	-	24,508
Total Revenues	<u>1,023,825</u>	<u>1,499,800</u>	<u>44,489</u>	<u>1,587</u>	<u>2,569,701</u>
EXPENDITURES					
Public Safety	1,092,566	-	-	-	1,092,566
Streets & Highways	18,369	-	-	-	18,369
Culture and Recreation	314,096	-	-	1,500	315,596
Economic Development	217,408	-	-	-	217,408
Debt Service					
Principal	-	-	163,155	-	163,155
Interest and other	-	-	81,252	-	81,252
Capital Projects	-	747,589	-	-	747,589
Total Expenditures	<u>1,642,439</u>	<u>747,589</u>	<u>244,407</u>	<u>1,500</u>	<u>2,635,935</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(618,614)</u>	<u>752,211</u>	<u>(199,918)</u>	<u>87</u>	<u>(66,234)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	4,477,517	202,610	-	4,680,127
Operating Transfers Out	(63,973)	(1,787,892)	(5,466)	-	(1,857,331)
Bond Proceeds	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(63,973)</u>	<u>2,689,625</u>	<u>197,144</u>	<u>-</u>	<u>2,822,796</u>
Net Change in Fund Balances	(682,587)	3,441,836	(2,774)	87	2,756,562
Fund Balances - Beginning	<u>2,034,589</u>	<u>198,838</u>	<u>173,911</u>	<u>39,007</u>	<u>2,446,345</u>
Fund Balances - Ending	<u>\$ 1,352,002</u>	<u>\$ 3,640,674</u>	<u>\$ 171,137</u>	<u>\$ 39,094</u>	<u>\$ 5,202,907</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2008

	Economic Development Revolving Loan	Industrial Development	W.R.A.C. - 8	Convention and Visitors Bureau
ASSETS				
Cash and Cash Equivalents	\$ 150	\$ 437	\$ 632	\$ 727
Investments	155,381	6,972	327,296	274,905
Receivables				
Taxes Receivable - Delinquent	-	-	-	9,600
Accounts Receivable	-	-	48,380	3,249
Notes Receivable	287,357	-	-	-
Interest Receivable	1,608	87	3,346	2,825
Due From Other Governments	-	-	-	-
Prepaid Items	-	-	4,970	7,615
Total Assets	<u>\$ 444,496</u>	<u>\$ 7,496</u>	<u>\$ 384,624</u>	<u>\$ 298,921</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 650	\$ 19,816
Accrued Wages	-	-	3,393	-
Due To Other Funds	-	7,496	39,000	-
Total Liabilities	<u>-</u>	<u>7,496</u>	<u>43,043</u>	<u>19,816</u>
FUND BALANCES				
Reserved - Debt Service	-	-	-	-
Reserved - Prepaid Items	-	-	4,970	7,615
Reserved - Petty Cash	-	-	-	-
Unreserved - Designated Future Exp.	444,496	-	336,611	271,490
Total Fund Balances	<u>444,496</u>	<u>-</u>	<u>341,581</u>	<u>279,105</u>
Total Liabilities and Fund Balances	<u>\$ 444,496</u>	<u>\$ 7,496</u>	<u>\$ 384,624</u>	<u>\$ 298,921</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2008

Law Enforcement Forfeiture Fund	Senior Citizens Transit Fund	F-14 Tomcat Fund	Fire Dept Radio Grant Fund	Library Improvement Reserve Fund	Total Special Revenue Funds
\$ 49,392	\$ 143	\$ 4,588	\$ 56	\$ 346	\$ 56,471
-	-	-	7,470	231,080	1,003,104
-	-	-	-	-	9,600
-	-	-	-	-	51,629
-	-	-	-	-	287,357
-	-	-	87	2,390	10,343
-	-	-	277,831	-	277,831
-	-	-	-	-	12,585
<u>\$ 49,392</u>	<u>\$ 143</u>	<u>\$ 4,588</u>	<u>\$ 285,444</u>	<u>\$ 233,816</u>	<u>\$ 1,708,920</u>
\$ 4,144	\$ -	\$ -	\$ 277,831	\$ -	\$ 302,441
-	-	-	-	-	3,393
-	-	4,588	-	-	51,084
<u>4,144</u>	<u>-</u>	<u>4,588</u>	<u>277,831</u>	<u>-</u>	<u>356,918</u>
-	-	-	-	-	-
-	-	-	-	-	12,585
-	-	-	-	-	-
<u>45,248</u>	<u>143</u>	<u>-</u>	<u>7,613</u>	<u>233,816</u>	<u>1,339,417</u>
<u>45,248</u>	<u>143</u>	<u>-</u>	<u>7,613</u>	<u>233,816</u>	<u>1,352,002</u>
<u>\$ 49,392</u>	<u>\$ 143</u>	<u>\$ 4,588</u>	<u>\$ 285,444</u>	<u>\$ 233,816</u>	<u>\$ 1,708,920</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds/Special Revenue
For the Year Ended December 31, 2008

	Economic Development Revolving Loan	Industrial Development	W.R.A.C. - 8	Convention and Visitors Bureau	Community Development
REVENUES					
General Taxes	\$ -	\$ -	\$ 195,870	\$ -	\$ -
Other Taxes	-	-	-	144,433	-
Intergovernmental	-	-	-	18,654	217,408
Service Charges	-	-	-	6,458	-
Investment income	17,007	1,046	13,443	11,162	-
Net change in fair market value	(619)	(28)		(1,095)	-
Miscellaneous Revenue	-	-	5,826	5,908	-
Total Revenues	<u>16,388</u>	<u>1,018</u>	<u>215,139</u>	<u>185,520</u>	<u>217,408</u>
EXPENDITURES					
Public Safety	-	-	-	-	-
Culture and Recreation	-	-	162,655	149,237	-
Economic Development	-	-	-	-	217,408
Streets and Highways	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>162,655</u>	<u>149,237</u>	<u>217,408</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,388</u>	<u>1,018</u>	<u>52,484</u>	<u>36,283</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	(7,496)	(39,000)	(4,889)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(7,496)</u>	<u>(39,000)</u>	<u>(4,889)</u>	<u>-</u>
Net Change in Fund Balances	16,388	(6,478)	13,484	31,394	-
Fund Balances - Beginning	<u>428,108</u>	<u>6,478</u>	<u>328,097</u>	<u>247,711</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 444,496</u>	<u>\$ -</u>	<u>\$ 341,581</u>	<u>\$ 279,105</u>	<u>\$ -</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds/Special Revenue
For the Year Ended December 31, 2008

Law Enforcement Forfeiture Fund	Senior Citizens Transit Fund	F-14 Tomcat Fund	Fire Dept Radio Grant Fund	Library Improvement Reserve Fund	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,870
-	-	-	-	-	144,433
-	-	-	349,088	-	585,150
23,817	-	-	-	-	30,275
280	-	-	2,602	12,267	57,807
-	-	-	(30)	(920)	(2,692)
-	1,248	-	-	-	12,982
24,097	1,248	-	351,660	11,347	1,023,825
32,923	-	-	1,059,643	-	1,092,566
-	2,204	-	-	-	314,096
-	-	-	-	-	217,408
-	-	18,369	-	-	18,369
32,923	2,204	18,369	1,059,643	-	1,642,439
(8,826)	(956)	(18,369)	(707,983)	11,347	(618,614)
-	-	-	-	-	-
-	-	(4,588)	-	(8,000)	(63,973)
-	-	(4,588)	-	(8,000)	(63,973)
(8,826)	(956)	(22,957)	(707,983)	3,347	(682,587)
54,074	1,099	22,957	715,595	230,470	2,034,589
\$ 45,248	\$ 143	\$ -	\$ 7,612	\$ 233,817	\$ 1,352,002

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Capital Projects
December 31, 2008

	<u>Airport Capital Project</u>	<u>Local Option Sales Tax</u>	<u>Miscellaneous Projects</u>	<u>Capital Improvement</u>	<u>Total Capital Projects Funds</u>
ASSETS					
Cash	\$ (374,956)	\$ (125,378)	\$ 401,294	\$ 851,943	\$ 752,903
Investments	-	-	-	400,107	400,107
Interest Receivable	-	-	-	4,085	4,085
Due From Other Funds	2,882,512	131,778	-	440,294	3,454,584
Due From Other Governments	1,061,725	96,224	-	-	1,157,949
Total Assets	<u>\$ 3,569,281</u>	<u>\$ 102,624</u>	<u>\$ 401,294</u>	<u>\$ 1,696,429</u>	<u>\$ 5,769,628</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ 25,299	\$ 25,299
Contracts Payable	62,235	1,990	-	-	64,225
Due To Other Funds	480,187	-	401,294	-	881,481
Deferred Revenue	<u>1,061,725</u>	<u>96,224</u>	<u>-</u>	<u>-</u>	<u>1,157,949</u>
Total Liabilities	<u>1,604,147</u>	<u>98,214</u>	<u>401,294</u>	<u>25,299</u>	<u>2,128,954</u>
FUND BALANCES					
Unreserved-Designated	<u>1,965,134</u>	<u>4,410</u>	<u>-</u>	<u>1,671,130</u>	<u>3,640,674</u>
Total Fund Balance	<u>1,965,134</u>	<u>4,410</u>	<u>-</u>	<u>1,671,130</u>	<u>3,640,674</u>
Total Liabilities/Fund Bal.	<u>\$ 3,569,281</u>	<u>\$ 102,624</u>	<u>\$ 401,294</u>	<u>\$ 1,696,429</u>	<u>\$ 5,769,628</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds/Capital Projects
For the Year Ended December 31, 2008

	<u>Airport Capital Project</u>	<u>Local Option Sales Tax</u>	<u>Miscellaneous Projects</u>	<u>Capital Improvement</u>	<u>Waste Water Treatment Imp Cap Proj</u>	<u>Total Capital Project Funds</u>
REVENUES						
Developers' Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,445,941	-	-	15,000	-	1,460,941
Investment Income	-	-	-	27,333	-	27,333
Miscellaneous	-	-	9,982	1,544	-	11,526
Total Revenues	<u>1,445,941</u>	<u>-</u>	<u>9,982</u>	<u>43,877</u>	<u>-</u>	<u>1,499,800</u>
EXPENDITURES						
Capital/Construction Projects	<u>(77,623)</u>	<u>20,903</u>	<u>6,190</u>	<u>798,119</u>	<u>-</u>	<u>747,589</u>
Total Expenditures	<u>(77,623)</u>	<u>20,903</u>	<u>6,190</u>	<u>798,119</u>	<u>-</u>	<u>747,589</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,523,564</u>	<u>(20,903)</u>	<u>3,792</u>	<u>(754,242)</u>	<u>-</u>	<u>752,211</u>
OTH FINANC SOURCES (USES)						
Operating Transfers In	2,882,512	78,640	200,000	1,316,365	-	4,477,517
Operating Transfers Out	-	-	(401,294)	-	(1,386,598)	(1,787,892)
Bond Proceeds	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>2,882,512</u>	<u>78,640</u>	<u>(201,294)</u>	<u>1,316,365</u>	<u>(1,386,598)</u>	<u>2,689,625</u>
Net Change in Fund Balances	4,406,076	57,737	(197,502)	562,123	(1,386,598)	3,441,836
Fund Balance - Beginning	<u>(2,440,942)</u>	<u>(53,327)</u>	<u>197,502</u>	<u>1,109,007</u>	<u>1,386,598</u>	<u>198,838</u>
Fund Balance- Ending	<u>\$ 1,965,134</u>	<u>\$ 4,410</u>	<u>\$ -</u>	<u>\$ 1,671,130</u>	<u>\$ -</u>	<u>\$ 3,640,674</u>

City of Willmar, Minnesota
Non-Major Debt Service Funds
Combining Balance Sheets
December 31, 2008

	Airport G.O. Revenue Bond	Tax Increment Bonds	Total Debt Service Funds
ASSETS			
Cash and Cash Equivalents	\$ 572	\$ 86,535	\$ 87,107
Due From Other Funds	-	4,268	4,268
Prepaid Expenses	151,455	-	151,455
Unamort Discount On Bonds Sold	<u>19,110</u>	<u>-</u>	<u>19,110</u>
Total Assets	<u><u>\$ 171,137</u></u>	<u><u>\$ 90,803</u></u>	<u><u>\$ 261,940</u></u>
LIABILITIES			
Accounts Payable	\$ -	\$ 85,337	\$ 85,337
Due To Other Funds	<u>-</u>	<u>5,466</u>	<u>5,466</u>
Total Liabilities	<u>-</u>	<u>90,803</u>	<u>90,803</u>
FUND BALANCES			
Reserved for Prepaid Items	151,455	-	151,455
Reserved For Debt Service	<u>19,682</u>	<u>-</u>	<u>19,682</u>
Total Fund Balances	<u>171,137</u>	<u>-</u>	<u>171,137</u>
Total Liabilities and Fund Balances	<u><u>\$ 171,137</u></u>	<u><u>\$ 90,803</u></u>	<u><u>\$ 261,940</u></u>

City of Willmar, Minnesota
Non-Major Debt Service Funds
Combined Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2008

	Airport G.O. Revenue Bond	Tax Increment Bonds	Total Debt Service Funds
REVENUES			
General Taxes			
Current Ad Valorem	\$ -	\$ 3,859	\$ 3,859
Delinquent Ad Valorem	-	-	-
Tax Increment	-	40,630	40,630
TOTAL TAXES	-	44,489	44,489
Total Revenues	-	44,489	44,489
EXPENDITURES			
Bond Principal Payments	120,000	43,155	163,155
Interest Payments	64,413	13,478	77,891
Other Charges	3,361	-	3,361
Total Expenditures	187,774	56,633	244,407
Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,774)	(12,144)	(199,918)
OTHER FINANCING SOURCES (USES)			
Transfers In	185,000	17,610	202,610
Transfers Out	-	(5,466)	(5,466)
Bond Proceeds	-	-	-
Total Other Financing Sources (Uses)	185,000	12,144	197,144
Net Change in Fund Balances	(2,774)	-	(2,774)
Fund Balances - Beginning	173,911	-	173,911
Fund Balances - Ending	\$ 171,137	\$ -	\$ 171,137

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Net Assets
December 31, 2008

	<u>Office Services</u>	<u>Public Improve. Revolving</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash And Cash Equivalents	\$ 4,904	\$ (97,813)	\$ (92,909)
Investments	99,603	563,755	663,358
Interest Receivable	1,043	5,780	6,823
Intergovernmental Receivable	-	23,366	23,366
Due From Other Funds	-	480,187	480,187
Inventories - Merchandise For Resale	4,770	-	4,770
Prepaid Items	-	-	-
Total Current Assets	<u>110,320</u>	<u>975,275</u>	<u>1,085,595</u>
Restricted Assets:			
Temporarily Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent Assets:			
Capital Assets:			
Office Equipment	11,680	-	11,680
Less Accumulated Depreciation	<u>(10,512)</u>	<u>-</u>	<u>(10,512)</u>
Total Capital Assets (net of accumulated depreciation)	<u>1,168</u>	<u>-</u>	<u>1,168</u>
Total Assets	<u>111,488</u>	<u>975,275</u>	<u>1,086,763</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	554	-	554
Due To Other Funds	-	-	-
Total Current Liabilities	<u>554</u>	<u>-</u>	<u>554</u>
NET ASSETS			
Invested In Capital Assets	1,168	-	1,168
Unrestricted	<u>109,766</u>	<u>975,275</u>	<u>1,085,041</u>
Total Net Assets	<u>\$ 110,934</u>	<u>\$ 975,275</u>	<u>\$ 1,086,209</u>

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2008

	Office Services	Public Improve. Revolving	Total
Operating Revenues:			
Charges For Services	\$ 37,755	\$ -	\$ 37,755
Total Operating Revenues	<u>37,755</u>	<u>-</u>	<u>37,755</u>
Operating Expenses:			
Cost of Materials Used:			
Inventory, January 1	4,717	-	4,717
Purchases	16,737	-	16,737
Total Available	<u>21,454</u>	<u>-</u>	<u>21,454</u>
Inventory, December 31	(4,770)	-	(4,770)
Total Cost of Materials Used	<u>16,684</u>	<u>-</u>	<u>16,684</u>
Other Services And Charges	10,627	-	10,627
Total Operating Expenses	<u>27,311</u>	<u>-</u>	<u>27,311</u>
Operating Income (Loss)	<u>10,444</u>	<u>-</u>	<u>10,444</u>
Nonoperating Revenues (Expenses):			
Interest On Investments	4,153	27,521	31,674
Market Value Decrease	<u>(397)</u>	<u>(2,245)</u>	<u>(2,642)</u>
Total Nonoperating Revenues	3,756	25,276	29,032
Income (Loss) Before Contributions and Transfers	14,200	25,276	39,476
Operating Transfers Out	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Change in Net Assets	14,200	(24,724)	(10,524)
Total Net Assets - Beginning	96,733	1,000,000	1,096,733
Total Net Assets - Ending	<u>\$ 110,933</u>	<u>\$ 975,276</u>	<u>\$ 1,086,209</u>

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2008

	Office Services	Public Improvement Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Charges For Services	\$ 37,755	\$ -	\$ 37,755
Payments For Purchases	(27,346)	-	(27,346)
Payments For Other Services and Charges	-	-	-
Liquidation of Liabilities	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>10,409</u>	<u>-</u>	<u>10,409</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from Other Funds	-	-	-
Transfer to Other Funds	-	(50,000)	(50,000)
Net Cash Used in Noncapital and Related Financing Activities	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Long-Term Debt	-	-	-
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sales and Maturities of Investments	398	38,368	38,766
Purchase of Investments	(10,000)	(12,000)	(22,000)
Interest and Dividends Received	<u>3,433</u>	<u>24,536</u>	<u>27,969</u>
Net Cash Provided (Used) from Investing Activities	<u>(6,169)</u>	<u>50,904</u>	<u>44,735</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,240	904	5,144
Cash and Cash Equivalents - Beginning	<u>664</u>	<u>(98,717)</u>	<u>(98,053)</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 4,904</u></u>	<u><u>\$ (97,813)</u></u>	<u><u>\$ (92,909)</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	<u>\$ 10,444</u>	<u>\$ -</u>	<u>\$ 10,444</u>
Adjustments to Reconcile Operating Income from to Net Cash Provided (Used) by Operating Activities:			
Change in Assets and Liabilities:			
(Increase) Decrease in Inventories	(53)	-	(53)
Increase (Decrease) in Accounts Payable	<u>18</u>	<u>-</u>	<u>18</u>
Total Adjustments	<u>(35)</u>	<u>-</u>	<u>(35)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 10,409</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,409</u></u>

City of Willmar, Minnesota

Capital Assets Used in the Operation of Governmental Funds

Comparative Schedules By Source*

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Governmental Funds Capital Assets:		
Land	\$ 3,687,421	\$ 3,687,421
Buildings and Structures	7,200,969	7,123,183
Furniture and Equipment	3,401,550	3,115,054
Machinery and Auto Equipment	6,897,379	6,656,693
Other Improvements	<u>72,408,972</u>	<u>72,644,373</u>
Total Governmental Funds Capital Assets	<u><u>\$ 93,596,291</u></u>	<u><u>\$ 93,226,724</u></u>
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 92,904,007	\$ 92,571,750
Special Revenue Fund	692,284	654,974
Capital Projects Funds	<u>-</u>	<u>-</u>
Total Governmental Funds Capital Assets	<u><u>\$ 93,596,291</u></u>	<u><u>\$ 93,226,724</u></u>

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Willmar, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity*
December 31, 2008

FIXED ASSETS-2008

	<u>Total</u>	<u>Land</u>	<u>Buildings/ Structures</u>	<u>Furniture/ Equipment</u>	<u>Machinery/ Auto</u>	<u>Other Improvements</u>
<u>GENERAL GOVERNMENT</u>						
Mayor & Council	\$ 24,709	\$ -	\$ -	\$ 24,709	\$ -	\$ -
City Development	67,480	9,060	-	-	57,115	1,305
City Clerk-Treas.	4,143	-	-	4,143	-	-
Assessing	14,116	-	-	8,791	-	5,325
Accounting	1,268	-	-	1,268	-	-
City Hall	835,725	40,000	693,133	25,109	53,535	23,948
Data Processing	482,192	-	-	417,877	-	64,315
Elections	86,970	-	-	86,970	-	-
Non-Departmental	164,893	-	-	164,893	-	-
Indust. Dev.	277,901	277,901	-	-	-	-
W.R.A.C. - 8	395,817	-	99,623	296,194	-	-
Total	2,355,214	326,961	792,756	1,029,954	110,650	94,893
<u>PUBLIC SAFETY</u>						
Police Dept.	682,869	-	3,146	244,653	435,070	-
Trust & Agency K-9	5,000	-	-	5,000	-	-
Fire Dept.	3,346,203	166,936	597,604	467,616	2,062,228	51,819
Insp. Services	-	-	-	-	-	-
Fire Inspection	-	-	-	-	-	-
Public Parking	631,870	631,870	-	-	-	-
Total	4,665,942	798,806	600,750	717,269	2,497,298	51,819
<u>HIGHWAYS</u>						
Engineering	172,804	-	-	85,594	79,084	8,126
Public Works	76,465,723	1,972,622	633,222	621,639	3,873,949	69,364,291
Street Mtce.	-	-	-	-	-	-
Snow & Ice	-	-	-	-	-	-
Signs & Signals	-	-	-	-	-	-
Tree Mtce.	-	-	-	-	-	-
Waterlines	-	-	-	-	-	-
Total	76,638,527	1,972,622	633,222	707,233	3,953,033	69,372,417
<u>SANITATION/WASTE</u>						
Storm Sewer	-	-	-	-	-	-
<u>PARK/RECREATION</u>						
Auditorium	501,279	3,000	455,557	30,722	-	12,000
Buildings & Grounds	1,113,850	112,405	21,177	259,623	6,950	713,695
Leisure Services	104,175	-	-	56,481	19,294	28,400
Civic Center	3,515,994	23,572	2,551,480	239,433	239,407	462,102
Sr. Citizens Cntr.	485,081	87,635	340,055	12,377	5,321	39,693
Aquatic Center	1,994,615	75,200	1,482,411	269,962	-	167,042
Total	7,714,994	301,812	4,850,680	868,598	270,972	1,422,932
<u>OTHER SERVICES</u>						
Airport	2,091,294	286,220	214,004	58,732	65,427	1,466,911
C.V.B	18,566	-	-	18,566	-	-
Transit	1,000	1,000	-	-	-	-
Library	110,754	-	109,557	1,197	-	-
Total	2,221,614	287,220	323,561	78,495	65,427	1,466,911
Grand Total	\$ 93,596,291	\$ 3,687,421	\$ 7,200,969	\$ 3,401,549	\$ 6,897,380	\$ 72,408,972

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Willmar, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity*
For the Fiscal Year Ended December 31, 2008

FIXED ASSETS-2008	Governmental Funds Capital Assets 01/01/2008	Additions	Deductions	Governmental Funds Capital Assets 12/31/2008
<u>GENERAL GOVERNMENT</u>				
Mayor & Council	\$ 23,512	\$ 1,197	\$ -	\$ 24,709
City Development	45,926	21,554	-	67,480
City Clerk-Treas.	2,696	1,447	-	4,143
Assessing	7,242	6,875	-	14,117
Accounting	1,268	-	-	1,268
City Hall	818,824	38,455	21,554	835,725
Data Processing	453,088	72,799	43,696	482,191
Elections	86,970	-	-	86,970
Non-Departmental	149,181	15,712	-	164,893
Indust. Dev.	277,901	-	-	277,901
W.R.A.C.-8	358,507	37,310	-	395,817
Total	2,225,115	195,349	65,250	2,355,214
<u>PUBLIC SAFETY</u>				
Police Dept.	651,534	138,888	107,553	682,869
Trust & Agency K-9	5,000	-	-	5,000
Fire Dept.	3,325,468	20,735	-	3,346,203
Insp. Services	-	-	-	-
Fire Inspection	-	-	-	-
Public Parking	631,870	-	-	631,870
Total	4,613,872	159,623	107,553	4,665,942
<u>HIGHWAYS</u>				
Engineering	318,063	4,990	150,249	172,804
Public Works	76,196,433	329,816	60,526	76,465,723
Street Mtce.	-	-	-	-
Snow & Ice	-	-	-	-
Signs & Signals	-	-	-	-
Tree Mtce.	-	-	-	-
Waterlines	-	-	-	-
Total	76,514,496	334,806	210,775	76,638,527
<u>SANITATION/WASTE</u>				
Storm Sewer	-	-	-	-
<u>PARK/RECREATION</u>				
Auditorium	495,594	5,685	-	501,279
Buildings & Grounds	1,048,015	65,834	-	1,113,849
Leisure Services	104,175	-	-	104,175
Civic Center	3,393,765	122,230	-	3,515,995
Sr. Citizens Cntr.	485,081	-	-	485,081
Aquatic Center	1,994,615	-	-	1,994,615
Total	7,521,245	193,749	-	7,714,994
<u>OTHER SERVICES</u>				
Airport	2,222,873	8,837	140,416	2,091,294
C.V.B.	18,566	-	-	18,566
Transit	1,000	-	-	1,000
Library	109,557	1,197	-	110,754
Total	2,351,996	10,034	140,416	2,221,614
Grand Total	\$ 93,226,724	\$ 893,561	\$ 523,994	\$ 93,596,291

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

Years 1999 Through 2008

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture & Recreation</u>	<u>Debt Service</u>	<u>Waste Treatment</u>	<u>Office Services</u>	<u>Public Improvement Revolvy Loans</u>	<u>Total</u>
1999	\$ 2,017,062	\$ 2,859,971	\$ 2,303,419	\$ 3,177,207	\$ 1,306,779	\$ 2,311,975	\$ 2,112,338	\$ 20,381	\$ -	\$ 16,109,132
2000	\$ 2,145,631	\$ 2,992,703	\$ 2,406,268	\$ 2,303,681	\$ 1,263,707	\$ 2,734,904	\$ 2,044,265	\$ 27,276	\$ 234,799	\$ 16,153,234
2001	\$ 1,987,113	\$ 3,177,527	\$ 2,360,295	\$ 5,926,553	\$ 1,309,758	\$ 2,875,947	\$ 2,551,062	\$ 31,857	\$ 50,000	\$ 20,270,112
2002	\$ 2,107,030	\$ 3,334,687	\$ 2,239,998	\$ 5,647,526	\$ 1,359,845	\$ 2,583,665	\$ 2,449,676	\$ 23,377	\$ 35,000	\$ 19,780,804
2003	\$ 2,100,653	\$ 3,362,219	\$ 2,352,839	\$ 16,506,760	\$ 1,321,291	\$ 1,326,327	\$ 2,090,791	\$ 20,926	\$ -	\$ 29,081,806
2004	\$ 2,276,924	\$ 3,596,160	\$ 2,529,753	\$ 12,647,931	\$ 1,472,386	\$ 4,837,110	\$ 2,202,238	\$ 23,642	\$ -	\$ 29,586,144
2005	\$ 2,483,779	\$ 3,658,760	\$ 2,675,202	\$ 13,244,275	\$ 1,744,408	\$ 4,107,819	\$ 2,885,754	\$ 23,528	\$ -	\$ 30,823,525
2006	\$ 2,638,867	\$ 3,890,662	\$ 2,865,920	\$ 14,431,623	\$ 1,732,007	\$ 2,317,583	\$ 2,263,868	\$ 21,558	\$ -	\$ 30,162,088
2007	\$ 2,841,646	\$ 4,075,315	\$ 2,858,588	\$ 11,310,300	\$ 1,973,936	\$ 5,485,266	\$ 2,396,676	\$ 26,366	\$ -	\$ 30,968,093
2008	\$ 3,120,895	\$ 5,483,622	\$ 3,174,692	\$ 4,778,060	\$ 2,023,979	\$ 2,120,587	\$ 2,775,907	\$ 27,311	\$ -	\$ 23,505,053

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 1999 Through 2008

Fiscal <u>Year</u>	<u>Program Revenues</u>	<u>General Revenues</u>		
	<u>Charges For Services</u>	<u>Taxes</u>	<u>Miscellaneous Revenue</u>	<u>Total</u>
1999	\$ 565,650	\$ 4,114,563	\$ 8,958,740	\$ 13,638,953
2000	\$ 533,112	\$ 4,006,137	\$ 8,593,857	\$ 13,133,106
2001	\$ 630,335	\$ 4,523,868	\$ 9,453,991	\$ 14,608,194
2002	\$ 590,349	\$ 2,135,115	\$ 10,370,923	\$ 13,096,387
2003	\$ 3,390,786	\$ 2,162,007	\$ 15,636,825	\$ 21,189,618
2004	\$ 3,363,740	\$ 2,315,035	\$ 15,486,160	\$ 21,164,935
2005	\$ 3,603,967	\$ 2,435,037	\$ 15,697,584	\$ 21,736,588
2006	\$ 3,722,861	\$ 4,215,909	\$ 16,049,775	\$ 23,988,545
2007	\$ 4,088,622	\$ 4,781,966	\$ 13,291,133	\$ 22,161,721
2008	\$ 6,139,089	\$ 5,497,952	\$ 9,493,609	\$ 21,130,650

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 1999 Through 2008

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture & Recreation</u>	<u>Debt Service</u>	<u>Total</u>
1999	\$2,017,062	\$2,859,971	\$2,303,419	\$ 3,177,207	\$1,306,779	\$2,311,975	\$ 13,976,413
2000	\$ 2,145,631	\$ 2,992,703	\$ 2,406,268	\$ 2,303,681	\$ 1,263,707	\$ 2,734,904	\$ 13,846,894
2001	\$ 1,987,113	\$ 3,177,527	\$ 2,360,295	\$ 5,926,553	\$ 1,309,758	\$ 2,875,947	\$ 17,637,193
2002	\$ 2,107,030	\$ 3,334,687	\$ 2,239,998	\$ 5,647,526	\$ 1,359,845	\$ 2,583,665	\$ 17,272,751
2003	\$ 2,100,653	\$ 3,362,219	\$ 2,352,839	\$ 13,264,700	\$ 1,321,291	\$ 4,404,017	\$ 26,805,719
2004	\$ 2,276,924	\$ 3,596,160	\$ 2,529,753	\$ 9,582,886	\$ 1,472,386	\$ -	\$ 19,458,109
2005	\$ 2,483,779	\$ 3,658,760	\$ 2,675,202	\$ 10,651,251	\$ 1,744,408	\$ -	\$ 21,213,400
2006	\$ 2,638,867	\$ 3,890,662	\$ 2,865,920	\$ 11,675,212	\$ 1,732,007	\$ -	\$ 22,802,668
2007	\$ 2,841,646	\$ 4,075,315	\$ 2,858,588	\$ 8,629,657	\$ 1,973,936	\$ -	\$ 20,379,142
2008	\$ 3,120,895	\$ 5,483,622	\$ 3,174,692	\$ 6,898,647	\$ 2,023,979	\$ -	\$ 20,701,835

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Years 1999 Through 2008

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Intergovernmental Revenues</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Miscellaneous Revenue</u>	<u>Total</u>
1999	\$ 4,114,563	\$ 253,227	\$ 5,031,749	\$ 565,650	\$ 184,519	\$ 3,489,245	\$ 13,638,953
2000	\$ 4,006,137	\$ 201,571	\$ 4,462,173	\$ 533,112	\$ 193,123	\$ 3,736,990	\$ 13,133,106
2001	\$ 4,523,868	\$ 443,817	\$ 5,325,273	\$ 630,335	\$ 192,660	\$ 3,492,241	\$ 14,608,194
2002	\$ 2,135,115	\$ 519,351	\$ 6,675,900	\$ 590,349	\$ 194,698	\$ 2,980,974	\$ 13,096,387
2003	\$ 2,162,007	\$ 800,093	\$ 9,058,086	\$ 948,305	\$ 203,121	\$ 4,405,980	\$ 17,577,592
2004	\$ 2,315,035	\$ 769,293	\$ 9,989,732	\$ 686,158	\$ 238,512	\$ 9,005,981	\$ 23,004,711
2005	\$ 2,435,037	\$ 707,981	\$ 6,047,404	\$ 739,782	\$ 230,762	\$ 7,779,869	\$ 17,940,835
2006	\$ 4,215,909	\$ 1,049,922	\$ 8,496,439	\$ 724,172	\$ 276,797	\$ 12,494,942	\$ 27,258,181
2007	\$ 4,781,966	\$ 454,878	\$ 7,177,007	\$ 864,241	\$ 259,559	\$ 9,443,920	\$ 22,981,571
2008	\$ 5,497,952	\$ 1,454,324	\$ 6,887,102	\$ 886,291	\$ 236,776	\$ 3,941,369	\$ 18,903,814

CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 1999 Through 2008

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Per Cent Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Collections As Per Cent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Delinquent Taxes as Per Cent of Current Levy</u>
1999	2,246,964	2,211,594	98.43%	53,040	2,264,634	100.79%	51,640	2.30%
2000	2,375,593	2,274,251	95.73%	50,288	2,324,539	97.85%	116,765	4.92%
2001	2,544,350	2,484,499	97.65%	101,998	2,586,497	101.66%	77,537	3.05%
2002	1,917,749	1,866,708	97.34%	57,195	1,923,903	100.32%	71,459	3.73%
2003	1,835,251	1,793,370	97.72%	54,995	1,848,385	100.72%	52,666	2.87%
2004	2,069,429	2,024,475	97.83%	42,263	2,066,738	99.87%	57,332	2.77%
2005	2,255,677	2,216,210	98.25%	47,857	2,264,067	100.37%	49,160	2.18%
2006	2,335,677	2,294,467	98.24%	35,021	2,329,488	99.74%	60,889	2.61%
2007	2,806,995	2,755,905	98.18%	49,481	2,805,386	99.94%	66,336	2.36%
2008	3,383,646	3,304,665	98.18%	49,576	3,354,241	99.94%	97,374	2.88%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 1999 THROUGH 2008

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Population (*Census)	18,903	18,903	18,903	18,903
REAL PROPERTY				
Tax Capacity	9,199,605	9,410,190	9,748,599	7,427,267
Less: Tax Increment Districts -				
Highland #91	0	0	0	0
Center City #92	21,277	27,177	31,826	0
Theatre & Hotel #93	0	0	0	0
Shared Health #94	70,634	75,153	75,153	0
Phoenix #95	10,830	10,949	11,056	13,206
Somody #96	0	0	0	0
Accrupress #97	0	0	0	0
Brinton #98	4,965	0	0	0
Jennie-O #99	126,312	0	0	0
Holiday Inn #01	30,997	0	0	0
Bethesda #02	68,402	65,667	65,667	55,024
West Central Steel #03	17,260	22,852	22,876	13,783
Coborns #04	30,142	29,332	29,332	17,477
Relco #05	0	0	42,831	12,340
Lakewood #06	0	0	0	4,456
JOBZ	0	0	0	0
Net Tax Capacity	8,818,786	9,180,136	9,493,108	7,310,981
Estimated Market Value	540,156,800	561,261,400	582,092,700	595,989,800
PERSONAL PROPERTY				
Tax Capacity	110,645	116,966	94,689	57,193
Estimated Market Value	3,318,400	3,607,900	3,033,800	3,008,600
TOTAL REAL AND PERSONAL PROPERTY				
Tax Capacity	8,826,374	9,180,136	9,493,108	7,370,074
Estimated Market Value	543,475,200	564,869,300	585,126,500	598,998,400
PERCENT OF TAX CAPACITY TO ESTIMATED MARKET VALUE	0.016241	0.016252	0.016224	0.012267
PER CAPITA VALUATION				
Tax Capacity	467	485	502	387
Estimated Market Value	28,751	29,692	30,954	31,529
NET BONDED DEBT				
Net Bonded Debt per Capita	N/A	N/A	N/A	N/A
Net Bonded Debt per Tax Capacity	N/A	N/A	N/A	N/A

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
18,903	18,903	18,903	18,757	18,757	18,757
7,634,661	8,062,719	9,023,499	9,754,375	11,051,846	12,115,400
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
13,206	12,538	12,538	12,538	13,697	15,031
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
55,024	49,722	49,722	0	0	0
13,783	20,357	20,357	0	0	0
17,477	0	0	0	0	0
12,340	12,642	12,642	15,016	15,874	27,154
4,456	4,822	4,822	5,414	6,262	7,382
0	0	0	30,260	61,393	82,927
7,518,375	7,945,057	8,923,418	9,691,147	10,954,620	11,982,906
620,455,700	658,842,700	737,628,700	806,284,500	904,555,700	983,810,800
56,201	60,962	67,230	90,344	104,040	110,372
2,961,900	3,215,100	3,527,500	4,696,500	5,396,500	5,921,300
7,578,460	8,001,757	8,956,269	9,664,031	11,058,660	12,093,278
623,417,600	662,057,800	741,156,200	810,981,000	909,952,200	989,732,100
0.012156	0.012062	0.01210	0.01192	0.01215	0.01222
401	420	472	515	590	645
32,980	34,854	39,022	43,236	48,513	52,766
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

CITY OF WILLMAR, MINNESOTA

TAX CAPACITY RATES

ALL OVERLAPPING GOVERNMENTS

Years 1999 Through 2008

A 10-YEAR COMPARISON OF TAX CAPACITY RATES

Year Tax <u>Due</u>	<u>City</u>	<u>School</u>	***	<u>County</u>	<u>H.R.A.</u>	Rural Dev. Fin. <u>Auth.</u>	<u>Total</u>
1999	25.64	62.68		49.43	0.71	0.79	139.25
2000	26.09	56.42		54.15	0.71	0.78	138.14
2001	26.99	53.88		61.06	0.80	0.76	143.49
2002	26.36	24.49		77.89	1.17	0.91	130.82
2003	24.58	24.99		79.59	1.19	0.85	131.20
2004	26.20	25.71		78.25	1.19	1.32	132.67
2005	25.27	23.69		69.78	1.18	1.38	121.30
2006	24.10	23.31		64.22	1.19	1.64	114.46
2007	25.62	22.66		60.41	1.18	1.46	111.33
2008	28.23	20.23		56.71	1.18	1.32	107.67

*** Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

TAX LEVIES

ALL OVERLAPPING GOVERNMENTS

Years 1999 Through 2008

A 10-YEAR COMPARISON OF TAX CAPACITY LEVIES

<u>Year Tax Due</u>	<u>*City</u>	<u>School</u>	<u>Market Value Ref.</u>	<u>**County</u>	<u>H.R.A.</u>	<u>EDC/ Rural Dev. Fin. Auth.</u>	<u>Total</u>
1999	2,262,729	5,532,283	334,133	4,362,435	62,844	69,375	12,623,799
2000	2,395,465	5,179,249	356,847	4,970,493	65,363	71,789	13,039,206
2001	2,562,285	5,115,076	374,426	5,796,871	75,660	72,432	13,996,750
2002	1,926,809	1,790,679	938,273	5,694,377	85,831	66,530	10,502,499
2003	1,848,317	1,878,692	967,051	5,983,799	89,393	64,207	10,831,459
2004	2,082,088	2,043,222	756,285	6,219,638	94,742	105,155	11,301,130
2005	2,254,502	2,114,047	760,160	6,226,940	105,564	126,357	11,587,570
2006	2,335,761	2,258,522	1,067,332	6,223,946	115,519	133,835	12,134,915
2007	2,806,902	2,483,193	1,183,484	6,617,795	129,265	133,865	13,354,504
2008	3,383,493	2,424,022	1,236,868	6,795,266	141,159	131,812	14,112,620

* This Levy does not take into consideration the small reduction that results from agricultural property.

** Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

PRINCIPAL TAXPAYERS

December 31, 2008

Taxpayer	Type of Business	Market Valuation Payable 2009	Total Tax
WalMart Stores, Inc.	Discount Retailer	\$ 10,270,200	\$ 332,144
Affiliated Community Health	Medical Center	9,417,600	304,474
Kandi Land 1999, LLC	Kandi Mall	9,387,000	303,482
Menard Inc.	Building Materials	9,361,200	302,646
Mills Properties, Inc.	Auto Dealership	7,008,800	220,865
Jennie-O Turkey Store, Inc.	Food Processing	5,738,700	183,862
Willmar Ten Investors	Investment Company	4,945,100	153,559
Home Depot U.S.A., Inc.	Building Materials	4,311,300	138,761
Dayton Hudson Corp.	Target Stores	3,724,700	119,724
JR & R II, LLC	Running's Stores	3,542,900	113,824

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT COLLECTIONS

Year 1999 Through 2008

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Percent of Collections To Amount Due</u>	<u>Total Outstanding Current and Delinquent Assessments</u>
1999	667,124	635,086	95.20	66,649
2000	627,008	580,864	92.64	79,493
2001	540,155	490,620	90.83	88,907
2002	571,873	521,802	91.24	93,661
2003	566,469	503,488	88.88	120,056
2004	608,519	563,291	92.57	84,346
2005	657,968	615,429	93.53	80,524
2006	1,087,759	1,048,115	96.36	50,385
2007	1,024,590	984,177	96.06	45,782
2008	1,497,645	1,459,639	97.46	50,876

NOTE: Special Assessments are certified to the County Auditor of Kandiyohi County for collection. Special Assessment Bonds are general obligation pursuant to M.S.A. Section 430.12

CITY OF WILLMAR, MINNESOTA

COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2008

Legal Debt Limit and Margin

Legal Debt Limit (2% of Estimated Market Value \$989,732,100)	\$ 19,794,642
Less: Outstanding Debt Subject to Limit	\$ -
Legal Debt Margin as of December 31, 2008	<u>\$ 19,794,642</u>

General Obligation Debt Supported Solely by Taxes*

* Nothing subject to legal debt limit

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

Date of Incorporation	November 19, 1901
Date of Adoption of City Charter	November 5, 1968
Form of Government	Administrator
Fiscal Year Begins	January 1
Area - Acres (Land)	7,398
- Acres (Water)	1,229
Miles of Streets and Alleys:	
Streets -	
Paved	121.86
Sidewalks	65.00
Bike Paths	17.70
Building Permits	
Number of Permits Issued	
Year 2008	780
Year 2007	651
Year 2006	693
Year 2005	728
Year 2004	752
Year 2003	760
Year 2002	669
Year 2001	565
Year 2000	577
Year 1999	599
Estimated Construction Costs	
Year 2008	\$ 70,002,629
Year 2007	33,722,627
Year 2006	42,379,065
Year 2005	48,732,487
Year 2004	34,723,015
Year 2003	53,373,765
Year 2002	62,334,342
Year 2001	29,203,778
Year 2000	15,474,996
Year 1999	34,132,229

*Information obtained from various Departmental Reports

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

	<u>2008</u>	<u>2007</u>
Public Safety:		
Fire Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	3.00	3.00
Number of Volunteer Firefighters	40.00	43.00
Police Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	4.00	4.00
Number of Employees (Law Enforcement Labor Employees)	34.00	33.00
Total Number of Employees	<u>83.00</u>	<u>85.00</u>
Leisure Services:		
Number of Full-Time Employees	5	5
Number of Part-Time Employees	152	152
Number of Wading Pools	1	1
Number of Outdoor Swimming Pools	1	1
Number of Shelters	30	30
Number of Skating Rinks	4	4
Number of Hockey Rinks	2	2
Indoor Rinks	1	1
Tennis Courts - Lighted	10	10
Non-Lighted	5	5
Shared-Lighted	4	4
Lighted Softball, Football, Baseball and Soccer Fields	6	6
Miles of Hiking and Bicycle Paths	Est. 16 Miles	Est. 16 Miles
Number of Parks	37	37
Park Acres	310	310
Nature Areas	4	4
Parking Lots (Central Business District):		
Parking Spaces On Streets	380	380
Parking Spaces Off Streets	417	417

*Information obtained from various Departmental Reports